

A USEFUL LOOK AHEAD FROM WASHINGTON

APRIL 1975

Nation's Business

WOMEN
IN OFFICE:
FORETASTE
OF THE
FUTURE



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Cover photograph by Werner Wolff—Black Star

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MEMO FROM THE EDITOR

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One of the features in *Nation's Business* each month is called "Lessons of Leadership." The purpose of this feature is to share with you what prominent chief executives of important businesses have learned about managing.

Many of these executives have been interviewed at the end of their stewardships of major corporations, and, over and over again, we have been impressed by what could be learned from their experiences.

At the end of this month, Arch N. Booth will retire as President of the Chamber of Commerce of the United States, and there are many things one can learn from him. If there is a single underlying lesson from his years in management, he believes it is this: Don't be afraid of change.

"You cannot live in the past," he says. "You cannot always do things today in the same way in which they were done yesterday—if you don't want to run the danger of being wrong.

"You have to live in the present—and think in terms of the future."

The key to being a successful executive, in Mr. Booth's view, is self-discipline.

"Self-discipline means self-understanding," he says. "You must know what you want, and you must want it hard enough to make sacrifices in striving for it.

"But over and beyond that, you must confidently expect that you are going to reach your goal." Mr. Booth calls this the law of positive expectation.

• • •

For 32 years, since Mr. Booth came to Washington from Wichita, he has served the National Chamber. For most of that time—25 years—he has been chief operating officer, first as Executive Vice President and, for the past year, as President.

During that quarter century, the National Chamber has achieved enormous growth and influence. There is good reason.

Primarily, there's been need for growth because of the growth of the federal government. During the past quarter century, the actions and policies of the federal government have come to be, more than ever before, a dominant factor in shaping the way business is able to operate in America.

Now Arch Booth will retire at the end of this month, and business people everywhere are the better for his having passed this way. He has made his mark.

—KENNETH W. MEDLEY

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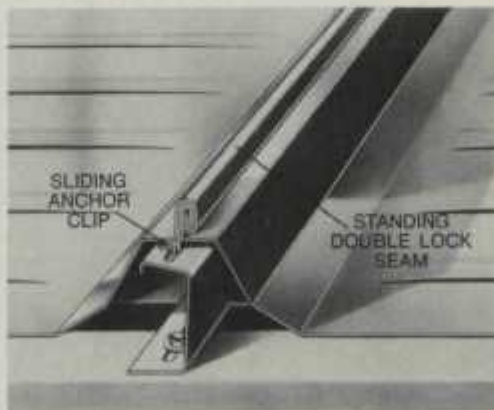
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The Way to Reduce Crime

Not much is gained by recounting the statistics on crime in America. The grim figures numb the mind. Ours is the most crime-ridden society in the world. No other country is even close.

Every 24-hour day in the United States typically sees a murder every 27 minutes, a forcible rape every 10 minutes, an armed robbery every 82 seconds. The FBI reports 8.6 million serious crimes a year, of which 870,000 are violent crimes. Those are the figures for 1973. The figures for 1974 are appallingly worse.

Here and there, to be sure, the picture improves. Preliminary figures for 1974 indicate that in a handful of cities, crime rates perceptibly declined. These are the rare exceptions. Most of our major cities have neighborhoods that are little more than urban jungles. Here the human animals prowl, leaving behind them a trail of death, bloodshed, terror and immeasurable property loss. The central cities are not suffering alone; crime increases in the suburbs also, and in rural areas as well. In one degree or another, the whole character of our national life is diminished and imperiled by serious crime.

This outrage has to stop. No dreamer is foolish enough to suppose that serious crime can be halted altogether, but if the people are willing to pay the price, and if our legislators are willing to stand firmly against certain political and social pressures, crime can be greatly reduced.

These are two massive ifs. They are tied into six propositions. Let me state them in the imperative mood, largely by way of exhortation.

1. Beef up our criminal courts. Over the years an impression has taken root, cultivated by such fictional characters as Perry Mason, Sgt. Friday and Counselor Owen

Marshall, that the commission of a serious crime is followed by an inexorable path to justice: The defendant is arrested and indicted, a jury is impaneled, witnesses are heard and a verdict is reached. The impression, of course, is fiction.

This is the fact: Of the 8.6 million crimes covered by the FBI's Uniform Crime Index, only 20 per cent are cleared by arrest. Within that 20 per cent, barely half the defendants are found guilty as charged. Of those found guilty as charged, a large percentage are released forthwith on probation. Only a tiny handful, relatively speaking, go through the entire procedure of indictment, jury trial, guilty verdict and imprisonment.

There are reasons for this. Some of the reasons have to do with the nature of crime. Given the best police in the world, a high percentage of burglaries and other crimes against property will go unsolved. Some of the reasons have to do with the sheer magnitude of the problem: Too many crimes, too few police. Other reasons have to do with the criminal process: Witnesses will not testify, or evidence is ruled inadmissible, and the prosecution's case collapses. But the reasons that should concern us, if we are serious about reducing crime, are reasons that evolve from "the system."

This is the system of plea bargaining. It is the system by which a defendant charged with a felony, such as armed robbery, agrees to plead guilty to a lesser offense, such as carrying a concealed weapon. Under the system, a defendant who could be sentenced, if found guilty, to 30 years in prison is sentenced instead to six months in jail. In the typical case, he is out in three.

This is revolving door justice. As a recent study in New York City disclosed, not only first offenders but

hardened professionals also make use of the system. In every major city, thousands of criminal arrests are thus disposed of annually. There is nothing good to be said of the system. There is only this to be said of it: Given the pressures of time and money that weigh upon our machinery of criminal justice, the system is indispensable. We have not enough courtrooms, not enough judges, not enough prosecutors and, in the end, not enough prisons to house the guilty who ought to be taken off our streets.

These adjuncts to justice can be provided—if we are willing to pay the price in capital outlays and operating costs. The price would be heavy. The price of crime is infinitely higher. But if we are willing to reduce plea bargaining by one half to two thirds, in order to bring more felony defendants to trial and punishment, we will take a useful step toward the safety of our streets.

2. Restore the death sentence. I am aware, as every person who covers courts must be aware, of the many persuasive arguments against (a) the morality and (b) the efficacy of capital punishment. These arguments have to be respected. All the same, I venture my own view—it is the view of many professionals in law enforcement—that imposition of the death sentence in a narrow class of serious crimes is both morally defensible and constitutionally permissible.

We are not dealing here with murder by impulse, but with crimes of homicidal design—the murder of a police officer, murder in the commission of a felony, murder of a prison guard, the cold-blooded perpetration of murder for hire. If a bank robber knew, before he pulled a trigger and killed a teller, that on conviction his

The Way to Reduce Crime *continued*

own life would be taken in retribution, the deterrent might well be effective.

3. Adopt measures against the criminal use of handguns. Here the political pressures are intense. Man and boy, I have been listening for 35 years to arguments of the gun lobby against "gun control." Some of the arguments make sense: Handgun registration, for example, would be an exercise in futility; licensing would be as ineffective; outright confiscation raises constitutional problems as well.

But if courageous legislators will shrug off the abuse of the gun lobby, Congress can adopt two useful measures. One would prohibit the manufacture, sale and possession of the "Saturday night specials," as well as their importation. A second act would put tight new restrictions upon the sale of handgun ammunition, without which a handgun is merely so much steel. Granted, there are drafting difficulties in defining a "Saturday night special." Granted, such an enactment would not diminish the millions of cheap handguns now adrift in the criminal underworld. Such a law would not solve the problem, for the problem is insoluble. But such a law would help.

Most crimes are violations of state, not federal, law. If state legislators would provide mandatory additional punishments for the use of a gun in the commission of a felony, they could do much to deter the professional criminal. Such laws are now on the books. Plea bargaining makes them ineffectual. Some judges, feeling their authority challenged, refuse to enforce them. But this approach to serious crime is simple, direct and sure. The number of gunmen is not infinite; imprison enough of them, and eventually we will be able to walk safely again in our parks by night.

4. Stop wasting our resources of law enforcement. In the whole

field of criminal law, nothing is more asinine, more damaging in human terms, or more detrimental to the true public interest than the massive effort devoted to "crimes" that cannot possibly justify so vast an expenditure of time and money.

Upwards of half a million young people are "busted" every year for mere possession of marijuana. This folly wastes the time of police; it ties up courts and prosecutors; it costs a fortune. In Denver alone, as a Colorado legislative hearing recently made clear, the taxpayers last year spent \$1.6 million on 2,200 marijuana cases—and all for what? The state's own Supreme Court has held flatly that marijuana is not a hard narcotic; it is at most a dangerous drug. Colorado, following Oregon's lead, is embarked upon measures to reduce the possession of less than an ounce of cannabis to a "Class Two petty offense." Common sense supports this approach.

To avoid misunderstanding: I am not suggesting that marijuana be legalized, or that the penalties for sale of the stuff be reduced. I am suggesting only that the power of government should not be invoked to make a crime of voluntary adult conduct unless it can be demonstrated that the conduct damages society as a whole. The sooner we stop frittering away the scarce resources of law enforcement on these arrests and prosecutions, the more we can concentrate on the public safety that counts.

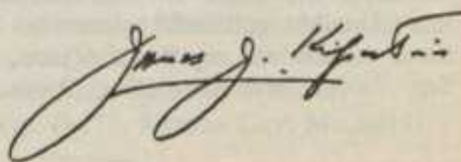
5. Use prisons to imprison. With the best intentions in the world, a vast deal of mushy thinking in recent years has focused upon the role of the prison in law enforcement. Well-meaning reformers have urged us to view the prison as a place of rehabilitation and education, in which the principal aim is to persuade the inmates to see the error of their ways and to return them as good citizens to society.

Much of this is bunk—pleasant

bunk, but bunk all the same. If we mean business about reducing crime, let us accept the elementary usefulness of a prison as a place of imprisonment. The reformers are fond of saying that it "does no good" to put a man behind bars for 10 to 15 years. They are wrong. For that period of 10 to 15 years, at least, the criminal is out of circulation. He is not robbing, assaulting, raping, killing or stealing. Incarceration has its manifest virtues. Let us be just; let us be humane; let us persist in rehabilitative efforts for the 10 or 20 per cent who may in fact be turned around; but let us abandon the soft euphemism of "correction," and think in terms of punishment and isolation instead.

6. Finally, keep digging at the roots of crime. Some crimes can be simply explained: An out-of-work father, desperate, steals food for his children; a jealous husband kills his wife's lover. Put these to one side. The crime that plagues our cities is crime of a different sort. The dazed victim of armed robbery asks: "Why me?" Kurt Vonnegut Jr. asks the deeper question: "Why anyone?" We do not know the "why" of brutal, anonymous crime. Ostensibly, the burglar is after money or jewels; in truth he may be motivated by distorted hungers for danger, excitement, rebellion or punishment. If the criminologists could discover more of the "why," these root causes might be better attacked in the formative years.

Crime is a sickness within the body politic. Society does not die of it, but society suffers grievously from the infection. Like other sicknesses, it can be treated—not cured, but made bearable. The treatment is costly and painful, but the alternative is continuing, worsening anguish. That's our condition now.



Disability: surprise killer of small businesses



The disability of a key salesman, or designer, or engineer can cripple a company. Their productivity stops. But the costs of operating the business continue.

It's called "economic death." It's always unexpected...often unanticipated by many insurance programs. In fact, a person between 17 and 44 has just as great a chance of becoming permanently disabled as of dying.

The economic consequences can be even more disastrous than death. They can drive a small business to the wall. Credit is impaired. Profits decline. Morale drops. Accounts and clients drift away.

Competitors lure away key employees.

In some cases, the disabled man himself may find his business interest waning. And the company may lack the necessary liquidity to buy him out.

What are the options? Not many. Sell to a stranger? Attempt absentee management? Move a family member into management?

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SOMETIMES LETTERS JUST DON'T DO IT.



Close the Door on More Foreign Investors?

Oil-rich Kuwait has bought a half interest in the Atlanta Hilton Center, and Grand Union supermarkets are now owned by a British firm.

A Swiss concern has purchased F.A.O. Schwartz, America's most famous toy retailer, and Japanese own a golf course overlooking Pearl Harbor.

Such foreign investment in U.S. businesses has long gone on, but most Americans have been unaware of its extent.

Now, however, many are becoming concerned. The fabulously wealthy oil-producing nations of the Middle East don't mask the fact that they want to invest billions in the U.S.

Public debate in the matter heightened with disclosure of financially drained Pan American World Airways' decision to sell 13 per cent of its stock to the government of Iran.

"Our nation has become an international supermarket," laments Con-

gressman Joseph M. Gaydos (D.-Pa.).

Treasury figures show over 5,000 businesses in the U.S. are now owned or controlled by foreigners. And the number is growing.

What is often overlooked, however, is that U.S. investment abroad outstrips foreign investment here by a wide margin. According to the Commerce Department, direct foreign investment in this country rose to approximately \$17.7 billion in 1973, the last year for which figures are available. But U.S. direct investment abroad climbed to \$107.3 billion.

U.S. curbs on foreign investment could invoke retaliation abroad, it's contended. It's also argued that reinvestment of oil dollars paid to countries which spend only a fraction of them internally is an important way to get needed capital in nations such as ours.

On the other side, it's argued that too much foreign ownership here

could give non-Americans too much power over our economy.

The Ford Administration has ordered a high-level review of all aspects of the foreign investment situation. Congressional investigations are under way.

There are some restrictions now on foreign investment in the U.S.

Federal laws, for example, set limits on, but do not prohibit, investment in what are considered "sensitive" areas—such as nuclear energy, hydroelectric power, shipping, commercial aviation, and mining and drilling on federally owned property.

There also are inconsistencies. Federal law leaves to the states the decision on whether foreigners can invest in or take over private banks. Some states permit foreign control; most don't.

Should restrictions on foreign investments in the U.S. be tightened? What do you think?

PLEASE USE FORM BELOW FOR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20062

Stricter curbs on foreign investments in the U.S.?

☐ Yes

☐ No

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More Boos Than Hoorays for ERA

American women would be ill-served by passage of the proposed Equal Rights Amendment to the U.S. Constitution, say most *Nation's Business* readers responding to the February "Sound Off to the Editor" poll.

By a seven-to-three margin, they vote No on the question, "Should the Equal Rights Amendment be ratified?"

The amendment would add to the Constitution the requirement that: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex."

Backers of the amendment say it would give women guaranteed protection against discrimination, while opponents argue that the language is deceptively simple and that ERA, as it is generally known, would in fact be harmful to women.

ERA has become increasingly controversial since an initial surge of support that saw legislatures of 22 states—well over half the 38 needed to make it official—ratify it

in 1972, the same year Congress approved it. Since then, however, only 10 or 12 more states have been added—the total depends on whether decisions by Nebraska and Tennessee to rescind their ratifications stand up under expected legal challenges by pro-ERA forces.

The strong feelings on both sides of the ERA debate are spotlighted in a heavy response to the "Sound Off" invitation.



Mrs. Loretta B. McInnis, president, Industrial Armature, Inc., Sulphur, La., says in opposing ERA that "a law cannot give you anything you have not earned, including respect."

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The strong feelings on both sides of the ERA debate are spotlighted in a heavy response to the "Sound Off" invitation.

"ERA should definitely NOT be ratified," writes Harriet R. Patterson, publisher, *The Long Beacher*, Michi-



ERA would ignore the fact that differences between men and women necessitate different rights and duties, says J.B. Niceley, president, Healthknit, Inc., Knoxville, Tenn.

gan City, Ind. If it is, she says, women would lose such existing legal protections as alimony and child-support payments, lower automobile and life insurance rates; and exemption from obligatory military service.

But Linda J. Marosy, contract administrator, electro-mechanical division, Northrop Corp., Anaheim, Calif., supports ERA: "As a single working woman by choice and necessity, it is easy for me to see some of the basic, unreasonable inequities which exist with respect to the sexes." For example, she says, she would be unable to obtain financing to buy a home or luxury automobile, although her male friends of the same age, income bracket and credit background would face no such problem.

Edgar B. Seegers, president, Southeastern Molasses & Supply Corp., Okeechobee, Fla., says that existing law gives women adequate protection "in all practical areas" and that ERA "is neither more nor less than a harebrained scheme for trying to legislate the biological differences between the sexes out of existence."

Mrs. Lois Wertheim, of Boerne, Texas, administrator of Town and Country Manor, Inc., a nursing home, and also president of her local chamber of commerce, writes that "there is no way that passing a law can make women and men equal in strength or ability to do certain jobs."

On the other side of the argument, Diane L. Bliss, executive manager, West Bend, Wisc., Chamber of Commerce, says: "As a person who has

felt discrimination, I cannot emphasize my Yes vote enough. Granted, legislation cannot modify attitudes, but it can produce an environment more conducive to change. Arguments against the amendment—such as common bathrooms—are absurd."

(Incidentally, about a third of the responses are from women and they favor ERA by a slim majority.)

Thomas A. Holt, vice president, The North Central Cos., Inc., St. Paul, Minn., expresses support for "the rights of women" in such areas as pay and job opportunities. He opposes ERA, though, urging that the nation "stress the importance of the family and a woman's role as a mother." He also says "femininity and the honor and respect of womanhood," should be stressed, "leaving it on a pedestal, not bringing it down to a lower level."

But Russell Duggan, manager of purchasing, Jos. Schlitz Brewing Co., Milwaukee, Wisc., declares in favor of ERA: "Women are equal and need no special protection."

On the other hand, Mrs. Mildred O'Farrell, owner of the California Mattress Co., Riverside, Calif., views the equal rights amendment as "a fraud." She writes: "It does nothing for women—it does not guarantee



The equal rights amendment's title is comment enough on why it deserves support, says Dolores M. Jones, customer relations manager, J.C. Penney Co., New York City.

equal pay, opportunity or better jobs. There are already laws on the books that do that and only need to be enforced."

However, M.J. Tierney, president, Rubicon Chemicals, Inc., Geismar, La., predicts that, in a few years, opposition to ERA "will seem as silly as opposition to women's suffrage looks to us now."

How to form your own corporation without a lawyer for under \$50⁰⁰

By Ted Nicholas



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Mr. Nicholas has been to the White House to personally meet with the President of the United States after being selected as one of the outstanding businessmen in the Nation. *Lyndon B. Johnson 1964



The Mercedes-Benz 450SE. Engineered like no other car in the world.

The Mercedes-Benz 450SE is a pure combination of advanced automotive technology, enlightened engineering, safety and craftsmanship.

And though a host of "brand-new" automobiles have been introduced in the past several months, the world has never seen a production sedan like it.

On the outside, the 450SE Sedan is not as big as a full-sized American luxury automobile. The only thing big about this Mercedes-Benz sedan is the room inside. The 450SE is a five-passenger sedan with more than seventeen cubic feet of trunk space.

Many engineers agree that this is the shape and size of the automobile of the future. For some domestic manufacturers, the future has to wait until at least 1978. For Mercedes-Benz it's here now.

Aircraft construction

The Mercedes-Benz 450SE has no separate body or chassis structure. Its panels are fused into a unit with over 6,000 individual electric welds. This basic method of construction allows modern jet aircraft to have enormous strength and light weight.

The awards winner

The 1978 Motor Trend Magazine Golden Wheels Awards have just been announced.



Outstanding Achievement in Engineering

Winner: The 450SE.

Areas evaluated: The ride/handling relationship; performance, e.g. expressway entry, passing, hill climbing and stopping; passenger capacity and comfort; ease of entry and exit and accommodations; total engineering concept and quality of execution.

Outstanding Achievement in Safety

Winner: The 450SE.

Areas evaluated: Avoidance capability; braking response; visibility; innovation; occupant protection.

Safety first

The structure of the 450SE is the latest of Mercedes-Benz developments of the patented rigid passenger cell/deformable extremity construction. Both the front and rear extremities absorb force in the event of an impact, to help the passenger cell remain intact.

The 450SE's gas tank is mounted over the rear suspension, well in from the rear bumper, and sur-

rounded by steel bulkheads. What's more, the gasoline filler neck has been designed to pinch itself closed in the event of impact.

Unlike all domestic sedans which continue to have the same basic wagon-type rear axle they have had for decades, the suspension of a 450SE is fully independent. This system is completely different and allows the standard steel-belted radial tires to stay mated to the road where they belong.

Mercedes-Benz goes to great expense and effort to initiate new suspension developments. They can spell the difference between accident and incident.

Lasting value

One final thought. Today, when more than ever before, everyone is searching for lasting value, a Mercedes-Benz 450SE has much to offer you. Mercedes-Benz has the best resale value of any make of car sold in America. Any one. And the 450SE is pure Mercedes-Benz.

A unique driving experience awaits you at your Mercedes-Benz Dealer's. Call him today. Test drive the 450SE.



Steering a Different Course on Grain

• Incorporated within the article "Can We Produce Enough Food?" [February] was a short box entitled "Something to Beef About?"

By innuendo, particularly in the title, the latter claimed beef producers were using grain inefficiently to fatten beef cattle. I must take issue with the impression you leave, and cite these facts:

This country exports most of its food grain, such as wheat. Feed for beef cattle consists almost entirely of rough fibrous materials, such as foliage and grass, and coarse feed grains which most people will not eat.

While your box said it took seven pounds of grain to add a pound to a steer, the U.S. Agriculture Department's Economic Research Service says grain-fed cattle consumed only 5.5 pounds of grain per pound of beef on a carcass-equivalent basis during the 1973-74 feeding year. Cattle given other types of feed in addition to grain consumed only 2.2 pounds of grain per pound of beef. In that same year, less than 20 per cent of all cattle feed was grain.

Ruminant animals, the producers of beef and milk, provide more than half the total food protein in this country, as well as significant amounts of essential minerals and vitamins. Cattle by-products provide raw materials for insulin, leather, glue, china, photographic film and fertilizer. It is hardly fair to attribute their entire grain intake to beef.

FRANK J. DOUTHITT
A.C. Douthitt Ranch Co.
Henrietta, Texas

• I think in all fairness you should talk about the quality of what we eat as well as the efficiency with which it is produced. The beef industry, which is bigger than the entire grain industry, contributes greatly to the quality and value of the food we eat.

JOHN D. FARR
President
Arrow Insurance Management, Inc.
Breckenridge, Colo.

• The conversion ratio of seven pounds of grain to add one pound to a steer, which your box mentions, applies only to the quarter of the ani-

mal's life spent on a feedlot. Its diet during the previous three quarters would have been grass, roughage and agricultural by-products, all inedible by humans. Measured over the animal's entire life, the grain-to-beef ratio would be less than three pounds to one, based on total market weight.

RICHARD S. SMITH
News Director
National Livestock and Meat Board
Chicago, Ill.

Senatorial courtesy

• The comment that I have received from all over the country on the NATION'S BUSINESS article ["Alabama's Allen: Bucking the Anti-Business Tide," January] has been both favorable and quite large. Let me express my appreciation for this notice you have given my efforts in the Senate. JAMES B. ALLEN (D.-ALA.)

U.S. Senate
Washington, D.C.

Nailing it down

• Re "Midwives for Mother Nature" [February].

While the Environmental Action Foundation is very concerned about the conservation of America's forests, our current areas of emphasis are utilities, solid waste management and transportation.

Although we have emphasized a number of other areas during the past five years, forest management has never been one of them and the Foundation has never suggested or advocated driving nails into trees to foul the saws of loggers, as claimed in the article.

Apparently your researchers got the idea from reading "Ecotage!", a book edited by Sam Love and David Obst and published by Environmental Action, Inc. It contains the disclaimer: "Neither Environmental Action nor the publisher suggest that you go out and do any of the things described in this book."

At the time "Ecotage!" was published, Mr. Love was associated with Environmental Action and not with the Environmental Action Foundation. Mr. Obst has never been directly associated with the environmental movement at all.

As for the claimed \$30 million involvement of conservation groups in wilderness preservation, our research indicates that the total of the budgets of all the nation's conservation organizations does not equal \$30 million and, of that, only a small fraction is devoted to forest protection.

RICHARD DALSEMER
Director
Environmental Action Foundation
Washington, D.C.

[Editor's Note: Environmental Action, Inc., rather than Mr. Dalsemer's Environmental Action Foundation, was in fact the name of the organization that conducted a contest seeking suggested entries for what it described as "a book of novel ways to confront polluters." The resulting book, "Ecotage!", contained the suggestion for driving nails into trees to interfere with loggers' saws as well as the disclaimer to which Mr. Dalsemer refers. The similarity of names of the two organizations, which are both headquartered on the same floor of the same office building in Washington, resulted in the error.]

[The estimate of total spending by organizations seeking to extend Wilderness Areas and slow or stop cutting in national forests was based on projections of reports that tax-exempt organizations must file with the Internal Revenue Service.]

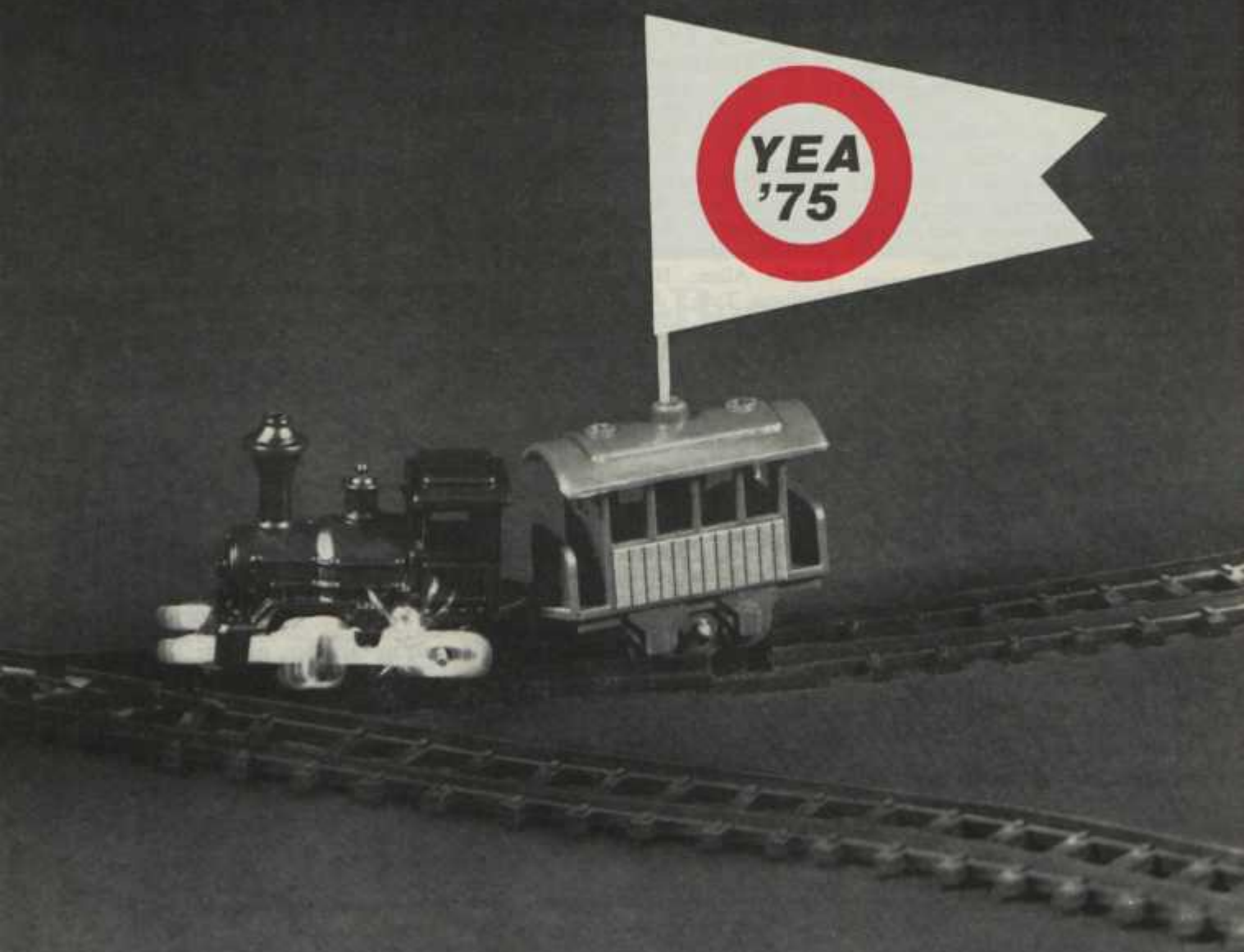
Bad-debt loss

• Credit is vital to the operation of our economy. But the increasing incidence of bad-debt loss by retailers in the current recession leads them to tighten credit availability and thus adds to the downward pressure.

I therefore propose that Congress set up a "Small Business Federal Account-Receiveable Insurance Agency" to guarantee collection of legitimate accounts generated in the normal operation of small businesses.

An affordable insurance premium, rather than sudden and untimely losses from bad debt, would keep many small firms healthy.

PHILIP DOOLY
President
Haywood Builders Supply Co.
Waynesville, N.C.



Year of **E**nergy **A**ction

Let's get our priorities back on track.

Is America chugging in the wrong direction?

Everybody wants our country's dependence on costly foreign oil reduced, to help right the economy. But too many people of authority and influence seem not to recognize that tough energy conservation measures alone won't do the job, important as it is to wipe out energy waste. And allocation schemes can only patch over the misery of energy scarcity. They don't add one btu of new energy.

America must do better than that. If the economy is to grow again. If there are to be enough jobs. If the social progress for the less fortunate is to resume its march.

The real, long-term need is to produce more energy here at home.

By clearing the last bureaucratic obstacles to expanded offshore drilling for oil and gas. To more mining of coal. To erection of more nuclear power plants.

By freeing the economy from government policies that destroy incentive to find and produce more energy.

American industry, given the incentive of reasonable profit opportunity, will raise the hundreds of billions of dollars required. We will do the job.

So let's get our priorities back on track. Make sure your elected officials have *their* energy priorities straight. Make this the Year of Energy Action.

Mobil[®]

BY JOHN COSTELLO
Associate Editor

Why executives stay put

Maybe not for the reasons you think.

For example, how about opportunity to get ahead?

That's not the No. 1 motive for staying with the firm, American Management Associations says. It polled some 5,000 managers and here's what it found:

It's the nature of the job that hooks them.

AMA asked executives to rank—in order of importance—the following reasons why they wouldn't look for greener pastures elsewhere:

- There are opportunities to get ahead, if I want to.
- It might be difficult to find a job elsewhere.
- I would lose too many extra benefits.
- Factors outside work (family, community, location, etc.).
- My work is satisfying to me.

The work itself came in first by a wide margin. Sixty per cent of those who replied to the poll said it was "most important." After it came:

- Opportunities to advance—28.4 per cent.
- Outside factors—5.1 per cent.
- Fear of unemployment—4.4 per cent.
- Loss of extra benefits—3.4 per cent.

Of course, the survey was taken in mid-1974.

The jobless rate in June was 5.2 per cent. It's above 8 per cent today.

Let George do it

That's become a national failing. And a rather expensive one.

George, of course, being your pal Uncle Sam. Give him a problem, and he'll be glad to try to solve it by throwing money at it.

Author F.J. Spencer discusses this in his new book, "Understanding Our Free Enterprise System" (\$3.50, RVB, Inc., P.O. Box 3000, Dallas, Texas 75221).

Letting George do it, he says, is not in the American tradition. Historically, private initiative, and individual responsibility, is our dish.

What would we accomplish by reverting to type?

For one thing, he says, we'd save a bundle. To be exact, about \$150 billion a year that Washington now squanders. To accomplish that, he advises, just ask these questions about any federal program:

- Is it constitutional?
- Is it necessary?
- What will it cost—and who'll pay for it?
- Do real benefits exceed real costs?
- Will it curb our freedom of choice?
- Does everyone need it—or just a few at the expense of the rest?
- Can private enterprise do it better, faster, cheaper or easier?

Sound impossible?

Don't forget, Mr. Spencer says, our federal Big Brother's not indispensable. We did without one for most of our history.

What the tax laws say about moving

Change jobs recently—or transfer? If you move 50 miles or more, your expenses may be tax deductible.

That's the IRS rule. But it can be misleading.

Take Sam Slade. He worked in Sausalito, Calif., but lived in Berkeley. Then a Sacramento firm lured him away. He sold his Berkeley home and moved 60 miles to a new one in the Sacramento suburbs.

His new firm didn't foot the moving bill.

"So what," says Sam. "I'll take it off the income tax."

"No way," says his friendly IRS auditor. "That expense isn't deductible."

Why?

Here's the rub.

The distance between old home and new cuts no ice with IRS. What counts is the distance between the old home and the new job.

"Your new principal place of work must be at least 50 miles further from

your old residence than your old residence was from your old place of work." That's how "Tax Information on Moving Expenses," IRS Publication No. 521, defines the rule.

Sam's old office was 30 miles from his Berkeley home. His new job had to be 80 miles from there—50 plus 30—to make moving expenses deductible.

MORAL: When it comes to taxes, you need all the help you can get.

How to keep the wolf from the door

It's simple, says Citibank.

Just put together a "cash flow" forecast—for the family finances.

O.K., so you did flunk math. And the little woman can't even balance a checkbook.

Citibank explains how to make your forecast:

1. List all family income.

Dividends, for example, and take-home pay, not gross.

2. Put down all fixed expenses.

Those you can't duck, like taxes. Or shouldn't duck, like savings.

3. Subtract expenses from income.

The remainder is what's left for "discretionary spending."

4. Itemize planned, but optional, expenses.

Say a trip to Hawaii, or a new mink coat for the Missus.

5. Deduct those from the previous total.

You may come up with a surplus. If so, add it to savings, Citibank suggests, or to spending.

But say you wind up in the red.

"This is where 'cash flow' forecasting pays off," the big New York bank says. "Now you can go back to those lists of fixed and variable expenses to find out where you can cut back."

How?

Well, can you do some home repairs yourself—instead of paying for them? Or car pool, to use less gas?

If worse comes to worst, maybe you could sell the house and take an apartment.

Want to know more?

Write for Vol. VI, No. 2, of Citibank's newsletter, "Consumer Views." It's done there with work sheets.

Why does a chicken cross the road?

As the old saw says, to get to the other side.

Sound like a cockeyed idea, done on the spur of the moment?

Well, don't look down on the jay-walking hen.

Profs. Joseph B. Mason and Morris L. Mayer, Graduate School of Business, University of Alabama, polled bank depositors. Their question: How did you pick the bank where you opened a savings account?

The answers ran like this:

	Per cent
Convenience of location	34.5
Having checking account there	17.4
Advice of friends	7.0
Relatives	6.6
Friendly personnel	4.3

More than one out of 10 didn't know why—or wouldn't tell.

But it's a good bet that many of them, like many depositors who said they simply headed for the handiest entrance, popped into their bank without forethought.

Chickens aren't the only creatures of impulse.

Saving \$\$\$ on expense accounts

Here's how to do it:

Don't use your own dough.

Take one U.S. oil company.

At any given moment, it has 1,700 employees on the road. Most are salesmen. Formerly, it advanced each \$150—an average—to cover expenses.

"That's a total of \$255,000," an executive points out. "It's a lot of cash to be tied up in float."

Now it gives each man a Traveletter Authorization—and a book of Travelorder Drafts.

He can cash them at most banks and hotels. The company doesn't redeem them until they clear its own

bank. Its salesmen are traveling on someone else's money.

"Cuts down on check-writing, too," says a Traveletter Corp. spokesman, adding that average corporate cost per check is \$2.50—and up.

Traveletter says its method's much cheaper. As little, it claims, as 10 cents a week per person.

Its clients, big and small, number more than 1,400. Among them H.J. Heinz, Clairrol, Timex, Pet, Xerox, Olin, and Camcar Screw and Manufacturing.

From soup to nuts.

Ranking the seers

Whom would you trust most?

Howard Cosell? Your favorite broker? Or a member of the President's Council of Economic Advisers?

Take a deep breath; Howard might win hands down. That's what an R.H. Bruskin Associates poll indicates. Of these forecasters, it asked in a national survey, who's most reliable?

1. People who set odds on sporting events.
2. Political forecasters.
3. People who prepare horoscopes.
4. Sportswriters and sports announcers.
5. Economists.
6. Stockbrokers.
7. Weather forecasters.

Here are the percentage ratings for "excellent" or "good":

Sportswriters and sportscasters, 60.3; weathermen, 57.3; oddsmakers, 36.9; political pundits, 34.2; economists, 25.2; stockbrokers, 21.7; astrologers, 16.3.

MORAL: Never take stock tips from astrologers.



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THE OUTLOOK NOW—

Why Some Businessmen See Better Times Ahead

A Nation's Business survey shows what executives expect will happen to the economy, and to their sales and profits, in the second half of 1975

Many businessmen see a new bounce in economic activity later this year.

Only a handful see a worsening.

That's the finding of the latest quarterly NATION'S BUSINESS survey of how businessmen across the country see their own firms' prospects and the prospects of the economy as a whole.

Forty-four per cent of those answering the survey expect economic conditions to improve in the year's second half.

There's no clear consensus: Another 40 per cent think that business will level off—that it won't dip further. Still, those who think the downturn will continue are in a definite minority.

The picture changes somewhat on how businessmen see the level of their own firms' volume or sales in the second half: 49 per cent predict a rise; 18 per cent, no appreciable change; and 33 per cent, a decline.

As for their companies' profits for the year, more businessmen predict a drop than see an increase. The results: profits up, 38 per cent; down,

47 per cent; the same level, 15 per cent.

The survey presents a picture of a pullback on capital investment, with 42 per cent of those answering saying their companies are reducing outlays in this area this year, and roughly equal numbers reporting their firms are increasing outlays or holding them at previous levels.

In addition, the survey produces these results:

- Only a minority of businessmen see unemployment continuing to rise in the months between summer's start and the year's end, with roughly equal numbers seeing it falling or staying about where it is.
- A majority find organized labor less militant about pay and working conditions.
- Roughly equal numbers of respondents are either satisfied or dissatisfied with the Administration's efforts to fight inflation—with the disenchanted having a slight edge.

There is a mixed bag of comments on encouraging and discouraging aspects of the economy. Most frequently mentioned as a positive fac-



John C. Quinn Jr., president, Baltimore Business Forms, Inc., Baltimore, Md., is optimistic. He feels the economy is on the way up and the rise will continue "because demand will increase" from consumers. He looks for 25 per cent real growth in his firm's sales and a 10 per cent surge in profits during the second half. He is worried over the persistent "lack of equity capital" but applauds the auto discount program.



A. Byron Reed, president, Munsingwear, Inc., Minneapolis, Minn., points out the happy fact that "there are still more people employed than a year ago." After a "lousy" second half in 1974, he looks for better business this summer and autumn. Equal improvement is expected in his company profits. He's waiting for Washington action on a tax credit increase before deciding about some major capital investments.

tor is the decline in interest rates. Also mentioned frequently is that supply is catching up with demand, and that consumer purchasing power is holding up.

Government policies—harassment of business, and heavy spending, primarily—lead in negative mentions, along with inflation and high energy costs. Lack of leadership is frequently cited.

Here are samples of answers to the key question, "What do you think the nation's economy will do in the second half—go up, level off, continue downward? Why do you think this?"

James R. Underkofler, president, Wisconsin Power & Light Co., Madison, Wisc.: "At the best, the present economic slump will level off by mid-year and improve in the second half. The leading indicators are still declining, which forecasts a continued downturn of the U.S. gross national product into or through the second quarter."

Louie P. Lathem Jr., president, Lathem Time Recorder Co., Atlanta, Ga.: "Go up. The government will

set the spiral back in motion by excess spending."

Beryl W. Sprinkel, executive vice president and economist, Harris Trust & Savings Bank, Chicago, Ill.: "I expect the economy to reach a low in the third quarter and then begin a moderate rise, based on the assumption that monetary and fiscal policies will shortly become more stimulative."

H.T. Kramer, president, North American Reinsurance Co., New York City: "In real terms, continue downward. None of the basic problems are solved, notably the cost of oil and monetary inflation."

Werner W. Spitz, president, Werner Spitz Construction Co., Inc., Rochester, N.Y.: "The ripple effect caused by the pronounced slowdowns in major sections (auto manufacturing, appliances, construction) should have run its course by mid-year, with production stabilizing now at a lower rate. The allied industries should follow suit by mid-year."

There is a variety of answers to the question, "What are you looking for in the second half in the way of

sales or volume for your business in comparison with last year?"

Robert W. Cleveland Jr., president, H.O. Penn Machinery Co., Inc., Bronx, N.Y.: "Hopefully, we can repeat last year with similar policies. By changing discount tactics we may be able to increase total volume and profits."

John B. McWethy Jr., president, Dakota Sales Agency, Inc., Fargo, N. Dak.: "Less, but not down as much as in the first half."

John H. Batten, president, Twin Disc, Inc., Racine, Wisc.: "A drop in constant dollars of up to 5 per cent."

R.D. Sheehan, managing partner, Sheehan Pipe Line Construction Co., Tulsa, Okla.: "Estimate second half volume to be 50 per cent of 1974."

Stan Blakney, secretary-treasurer, Brown & Blakney, Inc., Fort Worth, Texas: "A major reduction in volume due to highway fund freeze."

W.L. Carter Jr., president, Southern Life Insurance Co., Inc., Greensboro, N.C.: "Life insurance sales should be up 10 per cent. People are saving more."

Raymond Plank, president, Apache



M.G. Mitchell, chairman and president, Chicago Bridge & Iron Co., Oak Brook, Ill., expects the nation's economy to level off about mid-year, although his own business will be down slightly. He's pleased that there is less labor unrest, but displeased about Congress' "unrealistic and naive" approach to energy and environmental problems. Chicago Bridge & Iron is "slightly" increasing its capital investments.



Charles E. Hayworth, president, Alma Desk Co., Inc., High Point, N.C., is encouraged by the high "percentage of employable people still gainfully employed." However, in his own business, he anticipates reduced volume for the second half, and lower profits for the full year, as compared with a year ago. He looks for the national unemployment picture to "stay the same."



Phillip H. Burdett, president and general manager, Remington Arms Co., Inc., Bridgeport, Conn., is optimistic down the line. He expects "somewhat higher" sales for his firm, and "modestly better" profits. As for the economy, he says it will "go up—all that's needed is confidence" of the public. He says the inflation fight is "complex" but he generally approves of the Administration's tactics.

Why Some Businessmen See Better Times Ahead *continued*

Corp., Minneapolis, Minn.: "Down. Inventory liquidation of customers not complete by the end of the first half."

P.H. Glatfelter III, president, P.H. Glatfelter Co., Spring Grove, Pa.: "The second half of 1974 was at record level. Although we will probably not reach that point, we hope we will be approaching it."

Profits are much of what business is all about, and here is a collection of answers to the question, "What is the trend profitwise for you this year?"

C.E. Drury, chief executive officer, Hayes-Albion Corp., Jackson, Mich.: "50 per cent less than last year."

Tom B. Scott Jr., president, Uni-first Federal Savings and Loan Association, Jackson, Miss.: "With cost of money increasing, and lending opportunities weak, savings and loan profits will be less than last year."

W.J. Schlueter, president, Schluter Manufacturing Co., St. Louis, Mo.: "Downward by 10 to 15 per cent."

A.E. Busch, chairman, Keuffel & Esser Co., Morristown, N.J.: "I expect that we will not match the profit levels of 1974."

Frank D. Nichols, chairman, MacDougald Construction Co., Atlanta, Ga.: "Much less."

Among those expecting better profits are: Harvey D. Goff, vice president-finance, the Amalgamated Sug-

ar Co., Ogden, Utah; F.L. Knodle, general manager, Winpower Corp., Newton, Iowa; Lloyd U. Noland Jr., chairman, Noland Co., Newport News, Va.; J. Kevin Murphy, president, Purolator Services, Inc., Lake Success, N.Y.; and John M. Schumann, vice president-investments, Surety Life Insurance Co., Salt Lake City, Utah.

A one-word answer is given by E.P. Berg, president, Bucyrus-Erie Co., South Milwaukee, Wisc., to the question, "Are you satisfied with the Administration's efforts on the inflation front?" The answer: "Pathetic."

C. William Verity, chairman, Armco Steel Corp., Middletown, Ohio: "No. Perhaps any stronger effort would also be fruitless, but it doesn't help to practically abandon the inflation fight and concentrate only on recession. Inflation got us into recession."

Robert W. Downing, chief operating officer, Burlington Northern, Inc., St. Paul, Minn.: "For one branch of government to control inflation and manage the economy is an impossible task. Current economic conditions are attributable directly to inflation brought about by international conditions, irresponsible fiscal policies legislated in the mid-1960s, and the inability of political leaders as well as the electorate to recognize the consequences of unwarranted expenditures."

J.F. Meyerhoff, chief financial officer, Brunswick Corp., Skokie, Ill.: "No. Congress must hold spending. Some deficit needed, but not \$50 billion."

Benjamin A. Brown, vice president-treasurer, Lone Star Gas Co., Dallas, Texas: "I am shocked at the lack of cooperation by Congress [with the Ford Administration]."

John J. Cowin, president, Cowin & Co., Inc., Birmingham, Ala.: "No. But with a hostile Congress, I feel he [President Ford] is greatly handicapped. Americans are still looking for easy solutions that just aren't there."

W. Lindsey Booth, vice president-administration, Connecticut Light & Power Co., Hartford, Conn.: "No. I am never satisfied that our government really intends to hold inflation to reasonable limits."

J.J. McTernan Jr., vice president-finance, COMSAT, Washington, D.C.: "To the extent that the marketplace should set prices rather than administrative fiat, I agree with the basic aim."

W.F. Rockwell Jr., chairman, Rockwell International Corp., Pittsburgh, Pa., and Ernest Koury, president, Carolina Hosiery Mills, Burlington, N.C., are among executives who state simply that they are satisfied with Administration efforts.

Meanwhile, "No" answers in-
continued on page 24



Werner C. Brown, president, Hercules, Inc., Wilmington, Del., puts great faith in "the continuing high levels of total employment and the recent turnaround in total real disposable income." His company's profits will trail those of 1974 in the first half, he says, but run ahead in the second. Its second-half sales should be 5-7 per cent above 1974. He sees unemployment peaking soon.



James S. Kemper Jr., president, Kemper Insurance Cos., Long Grove, Ill., is discouraged by the federal commitment to the "huge budget deficits." But he finds encouragement in the fact that business "is working off inventories" and in the decline in the rate of inflation. He feels the natural forces of supply and demand are more important than action by government in righting the economy.



Rodney C. Gott, chairman and president, AMF, Inc., White Plains, N.Y., says that the Administration was "a little late" with its inflation efforts but that the moves are "worthy of a period of trial." He is encouraged because "the consumer still has substantial purchasing power, which, if it is not showing up in the marketplace, is at least showing up in the rate of savings." He sees "definite improvement" in AMF profits this year.

Orders Are Being Filled More Quickly, Now

One of the nation's largest buyers—the Defense Supply Agency—says a recently completed survey shows that times between orders and deliveries are now generally growing shorter, after lengthening dramatically in 1974.

The agency, which buys many items for the military services, compiled its first forecast of production lead times in May, 1974, due to the impact of shortages on military readiness.

Last December, it updated the forecast and found, for example, that lead times for rubber and plastic goods were shortening, that they were remaining about the same for chemicals and that lead times for steel and nonferrous metal items hadn't improved.

In announcing the second forecast, DSA officials attached the caveat

that it could well be obsolete by the time it was being printed.

A continuing critical area is the wire industry, which is a heavy user of plastics made from pettochemicals, as well as of copper and aluminum. Lead time for coaxial cable in December, 1974, was between 22 and 50 weeks; for shipboard and installation cable, it was from 36 to 80 weeks; and for multiconductor cable, from 29 to 52 weeks.

Elsewhere, DSA is telling its purchasing agents, the situation is in a state of flux. Suppliers are reported saying that instead of an avalanche of orders, there has been a flood of cancellations and that lead times predicted last May have suddenly vanished.

In many cases, it seems, buyers were placing their orders with two or three different suppliers to see

which could deliver first, and then canceled out the others. •

An Acid Test for Coal Mining

Coal mining companies can bypass much of the high cost of neutralizing acid water from mines if they operate where the geology and hydrology are right.

U.S. Geological Survey hydrologists, working with Maryland officials, have found that acid water draining from abandoned coal mines in the western part of the state has already been partially neutralized in a natural process, without expensive treatment by man.

They studied 18 underground mines and found that, on average, 70 per cent of the acid in mine water was neutralized underground. In

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NB

The World of Industry *continued*

some cases—when the water percolated down through calcite and dolomite mineral deposits, which are found in conjunction with coal in many areas—all the acid was neutralized.

The chief villain producing acids is "fool's gold"—iron pyrite. USGS hydrologists suggest coal operators could reduce the acidity problem by mining seams which contain little or no pyrite. •

More Lumber to the Log

While there is no shortage of lumber when the construction industry is blighted by depressed markets, in good times there is—and the Department of Housing and Urban Development believes a partial answer to the supply problem in the next boom might be COM-PLY.

That's the name for a new composite wood product developed through the efforts of the U.S. Forest Service, the American Plywood Association and HUD. Government officials say the product could "almost double the nation's lumber supply" because nearly 90 per cent of a log can be used—about twice the percentage utilized now.

Unlike in conventional lumber production, in which boards are cut from the center of a log and the stronger outer wood and bark are converted into wood chips, the COM-PLY process uses the outer part of the log for veneer and the center for particleboard. COM-PLY is composed of 15 per cent solid wood facing and 85 per cent particleboard. •

Forecast Sees R&D on the Rise

Despite a great deal of uncertainty because of cloudy economic conditions and forecasts, the Columbus, Ohio, laboratories of Battelle Memorial Institute predict total national spending for research and development in 1975 will reach \$35.6 billion, a rise of some \$3.5 billion over 1974.

Though this would be 11 per cent above last year's total of \$32.1 billion, 8.6 per cent of the increase would be due to inflation, Battelle

says. Funding by industry is expected to continue to grow. In recent years, it has been the most steadily rising source of R&D support.

Federal support is expected to show modest growth, with a trend toward short-term rather than long-term goals and some shifting from socially related R&D to more pragmatic work, such as solving immediate resource scarcities.

The forecast for 1975 estimates federal spending at \$18.5 billion; industry, \$15 billion; colleges and universities, \$1.6 billion; and other not-for-profit institutions, such as Battelle, \$515 million.

While the federal government is the major source of R&D funds, industry's share of the funding has been rising in recent years. And industry performs about 67 per cent of all public and private research.

Battelle predicts significant increases this year in activity in rubber products; fabricated metal products; electrical equipment and communications; chemicals and allied products; machinery; textiles and apparel; transportation equipment and missiles; and food and kindred products. •

Aerospace Sales: Up, but Really Down

In current dollars, aerospace industry sales are predicted to post an increase this year, but in constant dollars it's a different story—a continuation of a downturn.

The industry's sales were above \$27 billion in 1974, an increase of more than \$2 billion over 1973, and they're expected to be almost \$29 billion this year. But both gains are actually drops when converted to constant dollars.

The bright spot is in exports. Karl G. Harr Jr., president of the Aerospace Industries Association of America, Inc., estimates exports at \$6.8 billion for 1974 and sees an increase to some \$7.5 billion this year. He predicts a decline in imports from \$812 million in 1974 to \$650 million.

The Defense Department remains the industry's largest customer, but 1975's buy, in constant dollars, will be an estimated 7 per cent less than

continued on page 70B

Right now your small business needs all the help it can get. Here's how to get it.

You want your business to be profitable, and so do we. To help, we've made a list of 10 essential things every small business owner needs to know more about in these complicated times. Check the ones that concern you most, and send this page, along with your name and address, to Phoenix Mutual Life Insurance Company, One American Row, Hartford, Connecticut 06115. You'll hear from us. Our thinking's free of charge, because we believe that helping you protect your financial future means better business for us both.

☐ **Business valuation:** If you haven't taken steps to establish a value for your business, there will come a time when the Internal Revenue Service will do it for you.

☐ **Stock attribution rules:** If you're in business with relatives, stock transactions can be complicated. A wrong move can destroy your plans.

☐ **Incorporation:** It's surprising how many businesses that should be incorporated aren't. Incorporation could save you a lot of money.

☐ **Your personal estate conservation:** Sometimes you can be so busy making your small business a success, you don't

have the time or the energy to do the same with your personal financial planning.

☐ **Tax shelters for you and key employees:** Everyone talks about oil depletions and cattle ranches, but the more practical tax shelters are a lot closer to home.

☐ **Salary/wage continuation:** In unsettled economic times, deferring compensation can provide current tax savings as well as protection against inflation.

☐ **Sick pay plans:** You should know how to avoid having payments to stockholder employees rated as a dividend and thus not tax deductible to the corporation.

☐ **Stock redemption plans:** At least one personal tax bill can be picked up by your business. It's worth looking into.

☐ **Pensions and profit sharing:** In today's marketplace, you have to compete with other companies. For employees. Without good benefit and incentive plans, you're not really competitive.

☐ **Business insurance:** Costs vary widely by company. We invite cost comparison with any company you choose, by any measure you choose. *Low cost isn't our goal—it's our achievement.*



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Better Times *continued*

clude E.W. Carter, chairman and chief executive officer, Carter Hawley Hale Stores, Inc., Los Angeles, Calif.; T.F. MacDonough, president, Hartford Federal Savings and Loan Association, Hartford, Conn.; Leighton A. Rosenthal, president, Work Wear Corp., Cleveland, Ohio; Carl A. Gerstacker, chairman, Dow Chemical Co., Midland, Mich.; and Donald C. Cook, chairman and chief executive officer, American Electric Power Co., Inc., New York City.

Here's a quick run-through of opinions on a variety of subjects expressed by executives from a variety of companies: Randolph Crossley, chairman, The Hawaii Corp., Honolulu; Curt R. Strand, president, Hilton International Co., New York City; E.N. Hoekenga, chairman, Ryder Truck Lines, Inc., Jacksonville, Fla.; Robert J. Prata, treasurer, Keene Corp., New York City; Keith R. Potter, executive vice president, International Harvester Co., Chicago, Ill.; and S.W. Robinson, chairman, G.C. Murphy Co., McKeesport, Pa.

Mr. Crossley sees an "improving employment situation," and the economy up "slightly in the second half."

Mr. Strand says the Ford Administration has made "no significant efforts" to fight inflation, "and now it is too late, since recession has overtaken inflation as the No. 1 problem."

Mr. Hoekenga says the most encouraging aspect of the economy now "is the optimistic view still being expressed by many in all quarters. To a large extent, recession is a reflection of a lack of confidence. I believe our confidence is basic to restoring economic equilibrium."

Mr. Prata thinks "labor will be willing to negotiate on changes to improve productivity."

Mr. Potter wants to see more positive leadership from the Administration in the inflation fight, and comments: "The public is becoming more aware of the causes of inflation, but much more education is required."

Mr. Robinson looks for tax reductions to help the economy during the second half and says he believes recent reductions in interest rates will be a stimulant to capital investment.

END

"Close up shop? No. Two-way radio saved my business."

"I thought I'd have to close up for awhile. You know, this economy is dragging down the construction business. Then I heard about Johnson two-way radio. Gave it a chance," explains Jack Sutton, owner of Sutton Electric in Ft. Myers, Fla.

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Women in Office: Foretaste of the Future

She's certainly a growing factor in American politics, but is the female of the species more conservative—or more honest—than the male?



Governing officials of Walthourville, Ga., gather on the . . . er . . . outskirts of town for a group picture. Mrs. Lyndol Anderson, the mayor, is second from right. Others (left to right) are Mrs. Ardith Herbert, town council member; Mrs. Molene Burke, town clerk; Mrs. Carrie Kent, council member; and Mrs. Celia Davis, council member. Two other members of the council, both women, are not shown.

The hamlet of Walthourville in the hardscrabble scrub pine and swamp lands of southeast Georgia held its municipal elections recently and when the votes were counted these winners were acclaimed:

Lyndol Anderson was elected mayor by a two-to-one margin over Thomas Rogers; elected to the town council by similar margins were Fay Booth, Ardith Herbert, Celia Davis and Priscilla Honeycutt; Carrie Kent

was elected to the council without opposition.

It was a clean sweep for women.

Walthourville isn't looked to for political leadership in America, or the South, or even Georgia. But it does unexpectedly find itself in the vanguard of what is unquestionably a mutation in American politics.

The trend is toward permanently increased power at the polls for women candidates. The effects of more

female candidates, and female officeholders, are being debated as next year's Presidential and Congressional elections approach. But there is little doubt that the changes will run deep for politics, and ultimately for American business.

If candidates' or voters' sex played much of a part in the outcome of the Walthourville election, it wasn't obvious. Women easily won over male candidates, men voted for women,

and women showed they were willing to vote for female candidates. (The results also cut across Deep South racial lines: two winning women and two losing men are blacks.)

The women candidates earned election because they had been activists in getting the town incorporated and, as so often is the case, the activists defeated the passivists. The women had been appointed by the Governor to administer the town after incorporation and until elections could be held, and they ran a clean administration during a period in 1974 when all politicians, even those in little Walthourville, were measured against the scandals of Watergate.

Out of 237 registered voters, 227 cast ballots—which, if it is not an American record, is undoubtedly close to one.

The first franchise

Women's involvement in the elective process in this country began in 1691 in Massachusetts under the Province Charter. American women first voted there and soon they were casting ballots in other colonies. There were decades of sporadic female voting, often under intimidation of males, but after the nation became independent women were denied the franchise. Then, starting in the late Nineteenth Century, one state after another gave them the vote, until they had the full franchise in 15 states and a partial franchise in another. However, it wasn't until the Nineteenth Amendment to the Constitution was ratified in 1920 that all U.S. women were able to vote.

During the 1920s, '30s and '40s, women voted by the millions, but few ran for office—or it might be more proper to say few were allowed to run by males who dominated the political process. Women were elected to local, county and state school and welfare boards, correctional panels and other such groups, and a few here and there got into state legislatures. Also, an occasional woman got to Congress or became a Gov-

ernor, but generally the way she did so was by succeeding a husband in office.

This began to change during the 1950s. The number of women in the House and Senate climbed into the high teens during the Eisenhower Administration and there it has generally remained.

Today, there are 18 Congresswomen. (They're all in the House, and the total ties the record for that chamber, set in 1962. But it falls short of the women's record for Congress as a whole, because there also were two female Senators in '62.)

In addition, there is Ella Grasso, a Connecticut Democrat who is the first woman elected a Governor on her own, without following in a spouse's footsteps; Mary Anne Krupsak, a New York Democrat who is

the first of her sex to be a duly elected lieutenant governor in her state; Susie Sharp, elected North Carolina's supreme court chief justice; two secretaries of state, plus 25 other women elected to high state posts. The number of women holding high appointive posts is large and growing. In the federal government, the most notable recent addition to their ranks has been that of Mrs. Carla Hills as Housing and Urban Development Secretary—the third woman in U.S. history to hold a Cabinet post.

In addition, 593 women are in state legislatures—128 more than served in the last round of assembly sessions. New Hampshire leads with 104.

Women have come a long way, but they still have a long way to go. For one thing, they are still occasionally



New York's Lt. Gov. Mary Anne Krupsak with Gov. Hugh Carey, after their swearing-in ceremonies. Behind them are five of Gov. Carey's 12 children.

Women in Office: Foretaste of the Future *continued*

reminded that many people cling to the idea that politics is a man's world. When women are elected to Congress, they are issued men's hairbrushes for their washrooms. And, until recently, the only women's rest room in the New York City Hall was in the basement.

More important, women make up only 3 per cent of Congress' membership and 9 per cent of the state legislatures'. However, it's widely agreed that the number of women in high elective state and national posts will, at the least, quadruple in the next half-dozen years. And talk flows freely in Washington and political circles across the country that a major effort will be made to get a woman on one of the two major party tickets in the 1976 Presidential elec-

tions and, if that fails, that there will be an all-out push for a woman Vice Presidential candidate in 1980.

Examples of women serving as prime ministers in other countries make the idea of a female Vice President or even President more plausible to many U.S. politicians. They observed with particular interest Mrs. Margaret Thatcher's recent selection as leader of Britain's Conservative Party. Mrs. Thatcher, first woman to head a major British party, would be her country's first female prime minister if Labor loses a general election.

Richard M. Scammon, author of books on elections and political trends and now director of the Elections Research Center in Washington, says women have several major

factors going for them, one being that: "It is a little difficult to think of a lady leaning over a green baize-covered table, playing poker with the boys and selling jobs."

In the post-Watergate era this can be important.

Thus far, women in elective politics have a clean slate where crookedness is concerned.

Susan and Martin Tolchin, whose book, "Clout—Womanpower and Politics" was published recently, spoke at length on the subject during an interview at The George Washington University, where Mrs. Tolchin teaches political science.

"In our research," Mrs. Tolchin says, "we did not turn up a single dishonest woman politician. For one thing, most women—unlike men—

THE MYTHICAL MISS (OR MRS., OR MS.)

There are abundant misconceptions about women in the political process. Here, according to male and female political experts, are some of them:

- *Women are a minority, politically speaking.* Actually, they make up 53 per cent of the voting population, and a slightly larger proportion of eligible women (72 per cent) are registered voters than men (71 per cent).
- *Women are jealous of each other and won't vote for candidates of their own sex.* Studies of voter habits prove conclusively that women will cast their ballots for female candidates who share their political philosophy.
- *Women political workers don't work as hard for women candidates as they do for men.* Female candidates such as Gov. Ella Grasso and Frances (Sissy) Farenthold flatly deny this.
- *Women vote for the best looking candidate.* Certainly not always. According to a Gallup poll, Richard Nixon got 51 per cent of the women's vote in his unsuccessful 1960 Presidential race against John Kennedy, and 48 per cent of the men's.
- *Women are not liked by organized labor as candidates.* Not so true as heretofore. Labor is slowing warming up to women in active politics.
- *Women gravitate toward the Democratic Party.* Not necessarily so. Not only did Richard Nixon outdraw John Kennedy among women voters in 1960, but Dwight Eisenhower got more women's votes than Adlai Stevenson in 1952 and 1956, according to Gallup polls. However, the polls show Lyndon Johnson outdrawing Barry Goldwater, and Hubert Humphrey outdrawing Mr. Nixon, among women in 1964 and 1968. In 1972, George McGovern, while losing heavily to Mr. Nixon among voters of both sexes, still got a slightly higher percentage of women's votes than he did men's.
- *Women use femininity to attract voters.* A few have, most do not. Though some women candidates sally forth in fancy, frilly hats, others dress austere. A candidate whose first name is Pat was content to find many voters believing she

was a man. Another candidate refused to use her picture on campaign literature. Still another would not permit herself to be photographed with her family.

Another, with a steady record of winning elections, emphasizes equality of the sexes by making it a practice not to appear on a platform with her husband. When a male opponent appears with his wife, the woman candidate pointedly mentions that either she or her husband always stays home to be with their children, because proper child-raising is as important as winning votes.

- *Women don't run well in the South because men there want to keep them "in the home."* Proportionately, women candidates have fared better in the South than elsewhere. Southern women have marked up an impressive list of election "firsts."

- *The Women's Liberation movement set back female candidacies by alienating men.* Women's Lib has covered the period when women candidates made the most progress. Women who emphasize adherence to the movement have been reelected to Congress again and again.

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Women in Office: Foretaste of the Future *continued*



Susie Sharp became the first woman ever to be chief justice of a state supreme court when North Carolina voters elected her by a landslide.

do not feel compulsion to earn lots and lots of money."

Another political science professor, Dr. Jeane J. Kirkpatrick of Georgetown University, author of the new book, "Political Woman," claims that women tend to be less on the take for gifts for political favors than are men officeholders. One reason she gives is husbands who contribute to

officeholders' support, making them less anxious for money.

Gov. Grasso, in an interview with NATION'S BUSINESS, said: "The track record for honesty among women politicians is good." She added that to the best of her knowledge no woman has ever been disgraced in politics.

Politics is power and to get power,

money is usually necessary. If women don't get it illegally, then how do they make out in legal fund-raising? The consensus is they have more difficulty getting campaign money than do males.

Harriet Cipriani, director of women's activities for the Democratic National Committee, acknowledges that "women have had trouble raising money," but adds that they "don't have so much trouble these days." Organized labor, she says, "produced big money for many women candidates in the 1974 elections and labor is expected to come through again next year. This can make all the difference." Mrs. Cipriani reports donations from business executives to women candidates are also rising.

In the big picture

New Orleans Mayor Moon Landrieu once said: "Women do the lickin' and stickin' and men plan the strategy" in political campaigning. But because this picture of women merely doing such necessary but dull political work as stuffing and sealing campaign envelopes is no longer realistic, female candidates' problems in getting money are easing, say three leaders of the National Women's Political Caucus—a liberal-leaning grouping of about 300 local and state affiliates.

Chairwoman Frances (Sissy) Farenthold, Executive Director Jane McMichael and Political Action Coordinator Fredi Wechsler say that while men traditionally have had more experience in raising and managing money than women, this is a fast changing factor. More women are now getting such experience in businesses as well as politics, they note. They also note that a bigger share of campaign contributions from business executives and labor is going to women candidates, and add that the speed of change will pick up as more women officeholders become more deeply involved in legislation affecting business and labor.

Mr. Scammon says much of the outcome of an effort to obtain contributions depends on whether the woman candidate has a good chance to be elected. He says Sissy Farenthold, who twice ran unsuccessfully for Texas Governor, raised "a lot of

money" the first time she ran because she had a fighting chance to win. Her second time out, her chances were slim, he says, and she couldn't raise the money she needed.

"Keep in mind," Mr. Scammon says, pounding his desk to drive home his point, "that a woman candidate endorsed by the Daley organization in Chicago won't have trouble raising money. Grasso and Krupsak didn't have big trouble. At the same time another lady hopelessly ran for an office in South Carolina and she had a lot of trouble."

"There is something in women having special money-raising difficulties, but I would want to test it against the template of the likelihood of their winning."

Gov. Grasso—who, incidentally, unsmilingly rejects the proposition that she should be called "Governess"—says she "always finally raised what I wanted. I turned back money to donors after my 1974 campaign."

Profile of the female voter

Mr. Scammon, whose forecasts of the female future in elective politics are more modest than some other observers'—in 10 to 15 years, he thinks, about 10 per cent of the 435-member House of Representatives will be women, the 100-member Senate will include four or five women, and three or four states will have female Governors—offers a number of observations about women as voters.

For one thing, he says that "ideology is more important than sex when it comes to voting. You won't find many liberal women voting for a conservative woman candidate."

But, he quickly adds, "if you get a case where there is no particular identification of candidate or voter, women will vote more for women."

Mr. Scammon has statistics indicating that more women than men decide late in the game how they will vote. "This could prove women are smarter than men," he says.

He also says that female voters average several years older than their male counterparts, and that, generally, the older one is, the more conservative he or she is. So, Mr. Scammon says, women's votes actually

work out in favor of conservative candidates.

Mrs. Cipriani disagrees. She says women are gravitating toward her own Democratic Party because they are more interested in people legislation—Social Security, welfare, campaign reform, all issues the Democratic Party emphasizes. She cites several Democratic Congresswomen who led the way for the anti-Viet Nam War movement; for additions to Social Security benefits and for anti-discrimination, welfare and ecological bills.

Women sometimes will go to great lengths to make their points on such issues. Rep. Patricia Schroeder (D.-Colo.) proved this in 1973 when she demonstrated on the floor of Congress against proposed cuts in the federal day-care program. She brought her young daughter with her to the floor, adding drama and pathos to her argument. The cuts were voted down.

Mrs. Farenthold, also a Democrat, takes a position between Mrs. Cipriani and Mr. Scammon, contending that as the number of women increases in Congress they will average

out as an orthodox group—some liberals, some conservatives and many with a wide variety of interests.

First in the No. 2 spot

There is little hesitancy in playing the game, "Which woman will be on the 1976 or 1980 tickets as Vice Presidential candidates?"

The two most-often-mentioned women are Gov. Grasso and Lt. Gov. Krupsak. Mrs. Tolchin picks Mrs. Grasso, a former member of Congress, because of vast state and federal experience and because she's a vote getter who can raise big money. Mrs. Cipriani leans somewhat toward Ms. Krupsak (she's married, but does not commonly use her husband's surname), who also can raise big money and who, in addition, comes from a big state.

Mrs. Tolchin insists one or the other will be on the Democratic ticket, and here's her reason: "The political people are now beginning to factor in womanhood just as they factor in Catholicism, blackness and voter geography, as voter attractions. And it's about time."

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Jobs That Do Double Duty

A program to help some of the unemployed—and at the same time to help state and local governments—is now in high gear

Claude Riviere was making \$15,600 a year as a senior accountant when the airlines began slowing down purchases of Lockheed L-1011 TriStar jumbo jets and he was dropped from the payroll at the huge Lockheed Aircraft Co. assembly plant in Burbank, Calif.

That was in November, 1973. Today, Mr. Riviere is earning far less—\$11,300 a year—as an accountant with the City of Los Angeles. Still, he considers himself fortunate.

Antonio Morillo, who speaks five languages and has a Ph.D. degree, also works for the City of Los Angeles—as an administrative intern. A former assistant professor of languages at Connecticut College in New London, he was laid off in July, 1974, when he was earning \$12,000 a year. Mr. Morillo thought Los Angeles offered more opportunity, so he headed West. He, too, had to take a pay cut, but not as much. He now earns \$9,600 a year, and augments his salary by teaching evening courses at UCLA.

Both men owe their new jobs to a federal program which began modestly in 1971 when the specter of se-

rious unemployment—now more serious and widespread—was casting its ugly shadow across parts of the country. It is a program which permits cities, counties and states to create temporary public service jobs—everything from tree trimming to computer programming—to provide meaningful work for some of the jobless. Congress saw the wisdom of creating jobs rather than turning out-of-work Americans toward already swollen welfare rolls.

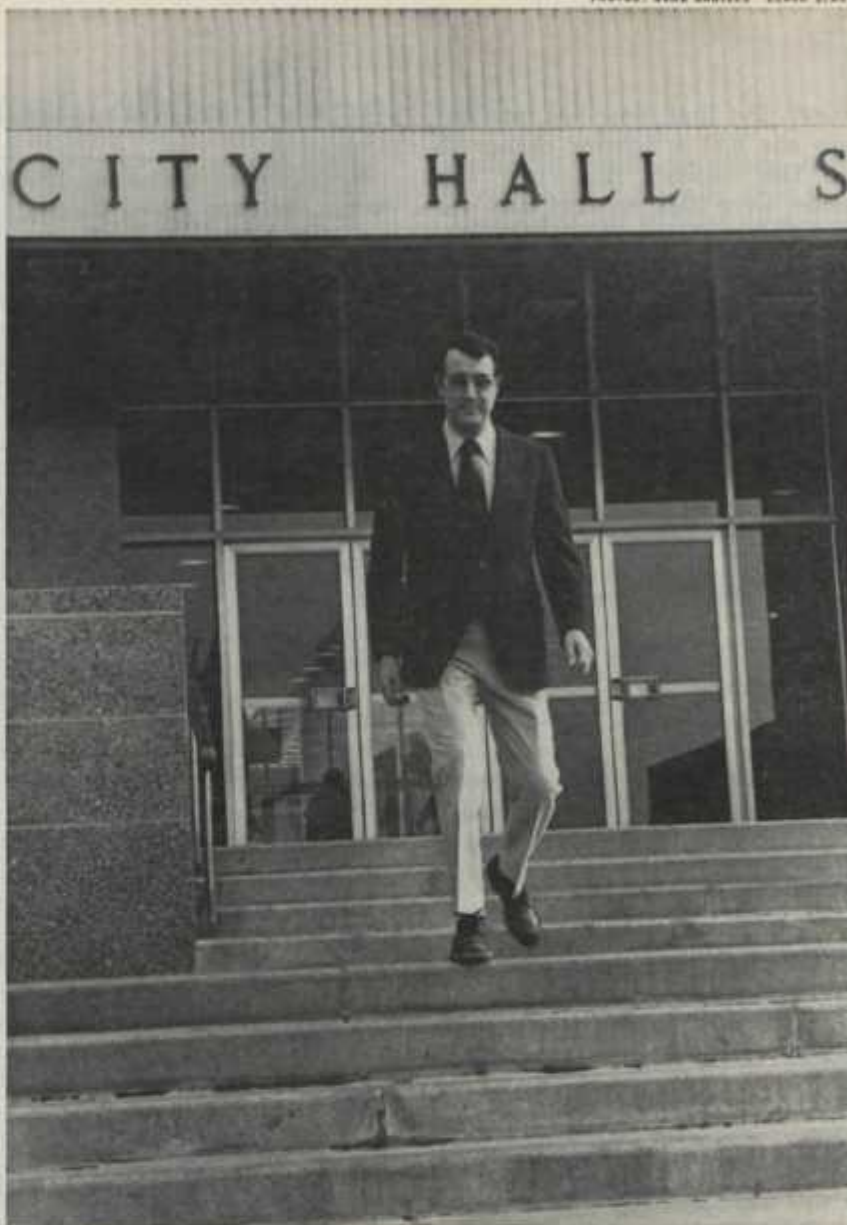
Public service employment is not, of course, a new concept. As Congressmen noted, it is an idea whose

time had come way back in the Depression-ridden first term of Franklin D. Roosevelt.

But there is a difference in thrust between the current program and FDR's Work Projects Administration.

Much of WPA's activities were in areas that private enterprise also occupied. The public service jobs are all governmental.

Also, much of what WPA engaged in was make-work—the New Deal agency drew considerable criticism for assigning large numbers of men to such chores as leaf-raking—



The City of Los Angeles has been able to hire a number of people with Ph.D. degrees, thanks to the federal public service jobs program. Among them is Antonio Morillo, who lost a post as an assistant professor of languages at Connecticut College.

though it also did much that was permanently useful, including construction of bridges, highways and buildings. But the public service jobs are primarily ones that would be filled anyway, if state and local governments had the money to pay for them.

The public service job program will not rid the nation of unemployment. In fact, money voted by Congress in 1974—much of it approved as an emergency measure when the nationwide jobless rate began skyrocketing late in the year—is enough to pay for only some 310,000 such jobs.

Matched against the seven million-plus unemployed, this is little more than a drop in the bucket.

"But to put just half of all the unemployed in public service work would cost a staggering \$35 billion, and there is no plan to do that," says William H. Kolberg, assistant secretary for manpower at the Labor Department.

The pressure is on

The Administration wants to extend the program, currently scheduled to end next Dec. 31, in time but not in size. President Ford has asked Congress to appropriate \$1.6 billion to carry it on until July, 1976, at its present level. However, there also is pressure to double and even triple the number of public service jobs. AFL-CIO President George Meany says nothing less than a million are acceptable. A bill has been introduced in the Senate to achieve that number. Hearings have started in the House on another measure that would generate 700,000 of these jobs, at a cost of \$5 billion, in fiscal 1976.

"We're now fighting a war to preserve our way of life and we have people in Congress and the White House who seem insensitive to the problems of the American people," Mr. Meany asserts.

The United States Conference of Mayors and the National League of Cities also are concerned that the Administration is taking a too-cautious attitude toward the public service employment program.

"Reality calls for its immediate

and substantial expansion," they say. "The failure to take early recognition of the problems of the unemployed and deal effectively with them can only lead to a severe reduction in our capacity to respond to an urgent national crisis that is growing worse."

Actually, the Administration would prefer that people who are out of work head not for City Hall or the County Courthouse in search of public service jobs, but for the nearest unemployment insurance office.

"This really is our first line of defense," Mr. Kolberg told NATION'S BUSINESS. "Unemployment compensation is set aside for that purpose and we would rather have people exhaust these benefits before looking for public service jobs."

Judging by the increasingly long lines at unemployment compensation offices, millions of idled men and women are doing just that. Some states already have run out of compensation funds and are borrowing from the federal government in an effort to keep payments on schedule. Employers, who are solely responsible for financing the funds, are being warned in some states that they will have to increase contributions.

Unemployment compensation now ranges from a weekly high of \$138 in Connecticut to a low of \$49 in Mississippi. The average weekly check last year was \$61.41.

Because of the drain on these funds in areas where the jobless rate is high, Congress has pumped an additional \$750 million into the unemployment compensation account. This not only enables states to keep payments on schedule, but extends from 39 to 52 weeks the period in which the jobless can receive checks. Until four years ago, unemployment pay was good only for 26 weeks.

Reacting to what it called an "employment crisis of intolerable proportions," Congress last year also voted \$2 billion to extend unemployment compensation coverage for the first time to some 12 million people—domestics, farm workers, city and state employees. At least two million of them are expected to be out of work during 1975. They will

be eligible for up to 26 weeks' unemployment pay.

Because of the extent of job scarcity, some states no longer make it a condition that a person first register at an employment service office before putting in for unemployment pay.

Slow starters

While the public service jobs program has been a boon to many communities, it has proved a headache to some. On the one hand, many cities and states, which had been laying off workers and cutting back on services because of rising costs and exploding deficits, were delighted to hire workers with federal money, and restore services.

On the other hand, because of restrictions laid down by Washington, local officials initially were reluctant to rush into the program. And red tape abounded.

Also, the fact that Congress can cut off the flow of funds when it wishes, and presumably will do so when unemployment drops, discouraged early acceptance of the program.

John Weintraub, an employment specialist with the National Association of County Officials, put his finger on this when he asked:

"What politician will bear the burden of hiring 3,000 folks when he knows that maybe eight months later he will be laying them off?"

As it turned out, the Labor Department found it necessary to prod some areas with use-it-or-lose-it warnings for not getting on the bandwagon. Near the end of 1974, when only a third of some 170,000 jobs for which funds were then available had been filled, then-Secretary of Labor Peter J. Brennan said it was "of crucial importance that these public service jobs be filled immediately."

With the sudden escalation of joblessness at year's end, foot-dragging at the local level began fading. By the start of last month, two thirds of the more than 300,000 jobs for which funds had been appropriated for this year were filled.

"Local officials know they're on the spot," says Assistant Secretary

Jobs That Do Double Duty *continued*

Kolberg. "They have to see that the system produces and they know they have to take care of their unemployed."

He is quick to point out, however, that the program is limited.

"It is designed to take care of very few people in the overall," Mr. Kolberg explains. "We really want to use it to help those who have not had a strong attachment to the labor force. These jobs should go first to men and women who have exhausted their unemployment pay and those who have not been covered by unemployment compensation."

"Paper layoffs"

By law, the program is not designed as a "free ride" for hard-pressed local communities. In other words, a community is not supposed to lay off some of its employees with the idea of rehiring the same people and then paying them with federal money.

"We will not tolerate 'paper layoffs,'" says Mr. Kolberg, "but, obviously, the law is subject to interpretation. There are instances when a community is permitted to bring back laid-off employees and give them public service jobs."

Any city, county or state jurisdiction is entitled to seek federal help when the unemployment rate reaches 6.5 per cent. Today, that means virtually every part of the country. In the beginning, a worker had to be off the job for 30 days before he was eligible for public service employment. That has been reduced to 15 days.

A community may pay a public service worker up to \$10,000 a year with federal funds but it may add its own money to pay him more. However, the average salary in any jurisdiction cannot exceed \$7,800.

The scope of opportunities opening up is far-ranging. According to the U.S. Conference of Mayors, about 15 per cent of the jobs are going to men and women with professional skills. Even "sweetening the pot" with local funds will not match former salaries, but with so many people out of work, jobs that are available become increasingly more attractive.

Engineers and architects are being



Victim of a severe cutback in aerospace work, accountant Claude Riviere considers himself lucky that he could get a temporary public service job, which led to a permanent berth with the City of Los Angeles. He's taken a big pay cut.

drawn into public service employment. So are people from the world of the arts—in Los Angeles, actors, dancers and puppeteers are to perform in parks and schools; in Seattle, artists, musicians and poets are to set up a culture program for poor and delinquent youngsters.

Some cities are even hiring specialists who know how to run the little bureaucracies required to direct emergency employment programming.

Affluent Montgomery County in the Maryland suburbs of the nation's capital has one of the highest per capita incomes in the country but it has unemployment, too. When it advertised 80 public service job openings (it had sought funds for 400 jobs) recently, they were filled almost immediately. They ranged from library clerk to microfilm assistant and from fire dispatcher aide to case-worker associate.

There have been complaints—particularly in Philadelphia, where investigations were launched—that political connections have sometimes been an important factor in who is chosen for public service jobs. But

the complaints so far have not been widespread.

Before unemployment reached critical levels, many workers were successfully making the transition from temporary public service jobs to permanent positions in either the public or private sector.

A 1974 manpower report prepared by the White House showed that one month after leaving public service jobs, 71 per cent of the workers were in other jobs earning an average of \$3.30 an hour. Six months later, 79 per cent had jobs and a year later, 82 per cent were employed.

Interestingly—this could be a near-record in such matters—94 per cent of the money spent on the program in its first year—1971—was actually paid in wages. Meaning only 6 per cent went toward federal and local administration costs.

Savings along with costs

In this connection, the Senate Committee on Labor and Public Welfare asserted in a report last December that a "significant factor" in

a public employment program is its "low actual net cost" because of savings in welfare payments and similar benefits, and because of new tax receipts generated by the public employees.

"Various public and private analysts have estimated that a multibillion-dollar public service employment program would actually cost just 60 cents in new expenditures for every dollar's worth of public service jobs created," the Committee noted.

Similarly, the Library of Congress' Congressional Research Service calculated that a \$4 billion public service employment program would have a net federal cost of just \$2.5 billion. The jobs, it said, would generate some \$800 million in federal income taxes and Social Security contributions and reduce outlays for unemployment compensation, welfare and the like by \$500 million.

The public service employment concept has drawn support from diverse quarters. It has the backing of well-known economists of both the conservative and liberal schools—for example, Paul McCracken, chairman of the Council of Economic Advisers under President Nixon, and Walter Heller, who held the same post under Presidents Kennedy and Johnson.

Carl Madden, chief economist for the Chamber of Commerce of the United States, endorsed it in Capitol Hill testimony. Though the business community generally is unhappy about any unnecessary additions to government employment, there is much business sentiment in favor of a limited program such as this one, to help the economy. Also, businessmen prefer public service jobs, which can be terminated quickly when other employment is available, to public works programs which cannot readily be dropped once under way.

And Nat Goldfinger, the AFL-CIO's top economist, has testified:

"A paycheck, even on a public service employment program, is of far greater importance to the family and to the individual than a welfare check."

There are some, such as leaders of organized labor, who believe public service employment should go much further, and there are others who

believe it already has gone too far.

The program is not, Under Secretary of Labor Richard F. Schubert insists, a giant step toward socialism.

Provision of 310,000 public service jobs out of a civilian force of some 91 million "cannot, by any stretch of all but the most fevered imagination, make government the employer of last resort," he says.

"Neither does it make the federal government a threat to private sector employment. Public service employment is one of a number of integrated national policies designed to meet an emergency situation. It is no more; and certainly can be no less."

Four years' experience

In Los Angeles, where Antonio Morillo hopes to join Claude Riviere as a permanent city employee, more than 5,000 persons have been placed on the city payroll in four years, thanks to the public service program.

Unlike most cities, where severe unemployment is a new fact of life, Los Angeles was hit at the turn of the decade due to a cutback in aerospace industry production. Thou-

sands, many of them highly paid, highly skilled, lost jobs.

With enactment of the emergency jobs law in 1971, Los Angeles geared up quickly to take advantage of the program. Some aerospace workers, making \$20,000 a year and with no place else to turn, accepted city jobs at \$8,000 to \$10,000 a year. Some have gone on to other jobs; some have stayed.

At 47, Claude Riviere has no plans to end his new career as a public servant. He is willing to swap higher pay for what he feels is more security.

Mr. Riviere had a good work record at Lockheed. His employment folder shows he once saved the company \$7½ million by rooting out an error in an Internal Revenue Service audit.

"IRS offered me a good job as an accountant," he recalls. "I told my boss I was tempted to take it because the aerospace business was getting shaky and I might be let go."

"Well, I didn't—and I was. Now, I'd like to stay where I am, right here in City Hall." END

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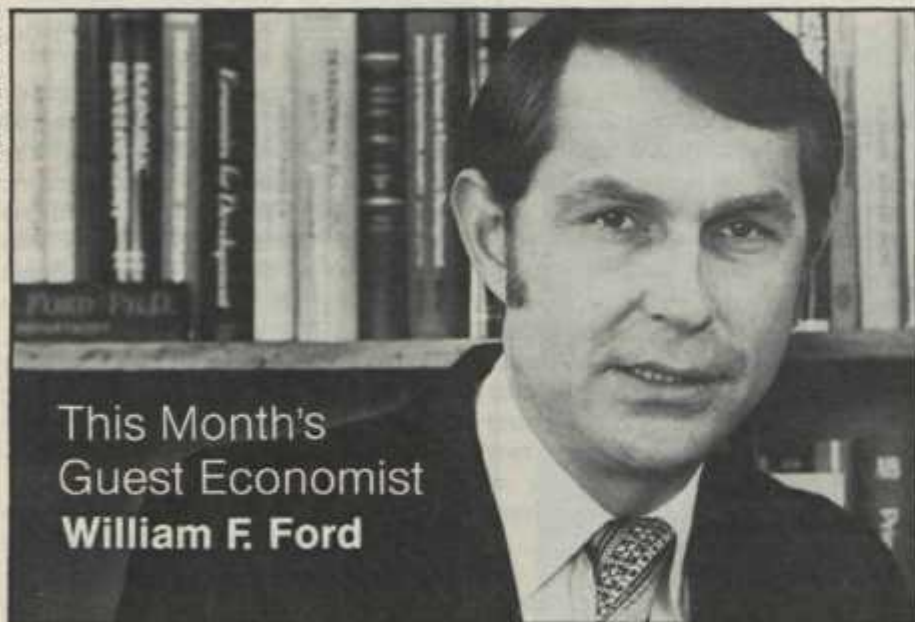
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This Month's Guest Economist William F. Ford

Dr. Ford is chief economist for the American Bankers Association, whose membership totals nearly 14,000 banks—96 per cent of the national total. He is in close contact with the economics departments of many major banks.

Banking on Our Banks

As our economy has deteriorated in recent months, the subject of the banking system's stability has made a dramatic entrance into the popular press.

For example, it is rare indeed to have a serious book such as "The Bankers" appear as a "Book of the Month Club" selection, preceded by a feature article in a popular magazine such as *Harper's*. It is even more surprising to find "Airport" author Arthur Hailey devoting a significant slice of his life to a novel about bankers, which is ominously entitled "The Moneychangers."

But when *Playboy* devotes eight full pages to the subject—close to the center fold—serious students of banking become concerned about whether it is being decently exposed to the general public's scrutiny.

The purpose of this article is to review and interpret some basic facts related to the banking system's soundness in today's economic environment.

Let's begin by acknowledging that the system is being affected adversely by the recession, mainly through

its impact on the financial condition of bank customers. For example, when major corporations experience declines in their sales and earnings, the result is a deterioration in the quality of loans that banks have extended to such corporations. Likewise, when unemployment strikes more Americans, and those with jobs face declines in the average level of their real income, it is not surprising to find that mortgage and consumer loan delinquency rates rise. This, too, adversely affects the condition of the banking system.

As a result of these forces, the system as a whole has experienced a sharp rise in net loan losses—from \$1.2 billion in 1973 to an estimated \$2 billion in 1974, a jump of about 67 per cent. But banks had about \$475 billion in loans outstanding during 1974. So even in that troubled year, the estimated ratio of loan losses to loans equaled only about two fifths of 1 per cent.

For connoisseurs of comparisons with the Great Depression, the same loan loss ratios for the years 1933 and 1934 were on the order of 3/4

per cent—fully eight times as high as the 1974 level.

The first line of defense against loan losses is, of course, income. In 1973, the banking system's income, gross of losses and taxes, was on the order of \$9.2 billion. And after allowing for loan losses and taxes, it netted out to be about \$6.3 billion. For 1974, even though losses probably rose to about \$2 billion, preliminary estimates indicate that the net income of all banks rose about enough to offset price inflation.

From the stockholders' standpoint this may leave much to be desired—but it is an enviable achievement in comparison with many other American industries during 1974. Moreover, this solid bottom line performance was achieved in spite of the fact that many banks set aside substantially greater allowances for future loan losses than are required under existing bank regulations.

Bankers are moving to shore up their loan loss reserve positions in case the consensus forecast of renewed economic growth during the second half of 1975 does not prove true. This line of defense is expected to be built up to approximately \$8 billion in all. And it is backed by the industry's equity capital, which is estimated to be on the order of \$60 billion—enough to cover a \$2-billion level of loan losses by about 30 to one.

Now let's look briefly at the external lines of defense provided by the regulatory agencies. Here, the Federal Reserve Board and the Federal Deposit Insurance Corp. stand behind the banks with powers and resources that ensure the system's ability to withstand recession-related shocks.

For starters, the insurance payments America's banks have made to FDIC since 1933 have led to accumulation of a \$6 billion deposit insurance fund.

During 1973 and 1974, the nation witnessed the largest bank failures in our history, measured in terms of today's dollars. Deposits of the six banks that failed in 1973 and the four that failed in 1974 totaled \$4.6 billion. But it should be emphasized that this is well under 1 per cent of the system's total deposits—and that FDIC anticipates net losses from its

insurance funds at only about \$230 million for all 10 banks.

Indeed, FDIC Chairman Frank Wille believes FDIC could have absorbed "about 12 times the actual net losses" predicted for these 10 bank failures "without even touching the accumulated principal of the FDIC trust fund."

Even in the unlikely event that FDIC needs additional funds to back up its insurance, it has standby authority to draw up to \$3 billion more, directly from the Treasury.

The Fed, of course, also has both a mandate and the powers needed to offset any significant drains of funds from the banking system through its monetary tools. These include its open market operations, through which it injects funds into the system by buying government securities; the discount window, which channels short-term funds to banks; and, finally, the reserves it requires banks to hold, which can be freed on short notice by lowering reserve requirements. The Fed can also act as lender of last resort to individual banks and other institutions.

This, then, completes our brief tour of the banking system's defenses against recession-induced problems. But it begs the question of individual bank failures. Clearly, in today's economic environment it would be foolhardy indeed to assert that no more individual banks will fail, or be forced into mergers. Again, however, it is important to keep the blizzard of publicity about recent bank failures in perspective.

NUMBER OF FAILED BANKS

Year	Total Failures
1946-1973	146 banks
1974	4 banks
29-year average	5.2 banks per year

As the table indicates, less than half a dozen banks fail in an average year. In an industry with more than 14,000 firms, that means the typical bank has a 99.9 per cent probability of survival each year.

The fact is that many banks are better protected against impacts of the recession than is indicated by the industry-wide analyses. On the other hand, bank regulatory agencies estimate that just about 2 per cent of the

nation's banks are in a sufficiently worrisome condition to warrant being placed on a special list of troubled institutions. These firms are now being subjected to more intense scrutiny and regulatory supervision than ever before. As a result, potentially serious problems are being averted—just as Congress intended when the present regulatory framework was created in the wake of the bank holiday in 1933.

Nevertheless, when larger institutions are involved, even a few bank failures can send shock waves through the financial world. The strength of these tremors makes it increasingly important to strive for even greater depth in our defenses against such events. The regulators are moving aggressively on this front by undertaking detailed reviews of their examination and supervisory procedures.

In fact, they are moving with such vim and vigor that there is a real chance they may overreact to the recent bank failures by implementing highly restrictive new regulations which could reduce the system's effectiveness in other ways.

For example, they are moving aggressively to force banks to build up their capital accounts in relation to their assets. Unfortunately, in the context of today's niggardly capital markets, this may simply cause bank managers to cut their rate of asset expansion to so low a level that the economy's credit requirements may not be met as we seek to emerge from the recession. This could prevent many borrowing firms from working out credit problems which could be resolved more easily in an improved economic environment.

Clearly, the challenge facing the banking regulators, and reformers in the public policy arena, is formidable.

On the one hand, they must judge what changes in the regulatory structure are required to provide improved defenses against problems that confront banks during periods such as our present-day recession. On the other hand, they must allow the banking system sufficient freedom to provide the rapidly enlarged flow of financial resources needed to move our economy into its next period of expansion.

Finally, it should be emphasized that accurate media reporting and interpretation of banking developments have never been more important than today.

In spite of the best managerial efforts of bankers and their regulators, individual financial institutions remain peculiarly vulnerable to troublesome flurries of irrational behavior by the various players in our money markets. And nothing can trigger a spurt of irrational behavior faster than an inaccurate story about the condition of a major financial institution.

Occasionally, this levies some very serious and unwarranted penalties against owners and managers of affected institutions. And even though it does not endanger bank depositors, or the technical soundness of the banking system, it may cause an unwarranted erosion of confidence in our economic institutions—just when we need to rebuild faith in the resiliency of America's market economy.

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John Anthony, Inc.

The man's clothes
make the firm

Four years ago, John Anthony bucked the advice of relatives and friends and started his own business as a designer and maker of women's apparel. His personal finances, general economic conditions and the state of the fashion industry were all against him. Established firms were closing their doors.

Yet today, John Anthony, Inc., is a major name on New York's Seventh Ave. and all across the U.S. It is being watched by fashion experts abroad. Leading department stores have taken full-page newspaper ads to boast that they carry John Anthony suits and dresses. The firm's label in a suit or a pair of evening pajamas commands prices in the \$200 to \$350 range, and those who can afford them tend to consider the clothes a bargain.

What has made the Anthony line go over so well with hard-to-convince department store buyers? Experts speak of the simple elegance of the styling. Many couturiers may seem confused about how they want a woman to look; John Anthony knows, and says it consistently—in fabric.

Also, the garments are made of fine materials that will last. And no professional comment ever omits praise for the meticulous way each garment is made.

The reason for that meticulousness is provided by Mr. Anthony himself: "I see every piece of merchandise that goes out of this place."

A businessman who admits he was

astonished by Mr. Anthony's triumph says:

"With hindsight, I can see what was bound to make this thing go. John Anthony is, first and foremost, a great tailor. He can construct a shoulder or sew a seam with real skill. Because he knows how to do it, he knows what to expect of others. And retailers know what to expect of him. The store buyer sees styles with lasting appeal, instead of gimmickry. He then realizes that each garment is going to be trouble-free and bring customer thanks instead of complaints. So he feels the Anthony label is like an insurance policy."

Discussing his career, the diminutive Mr. Anthony, 36, a native New Yorker, says: "Designing clothes was all that I ever wanted to do."

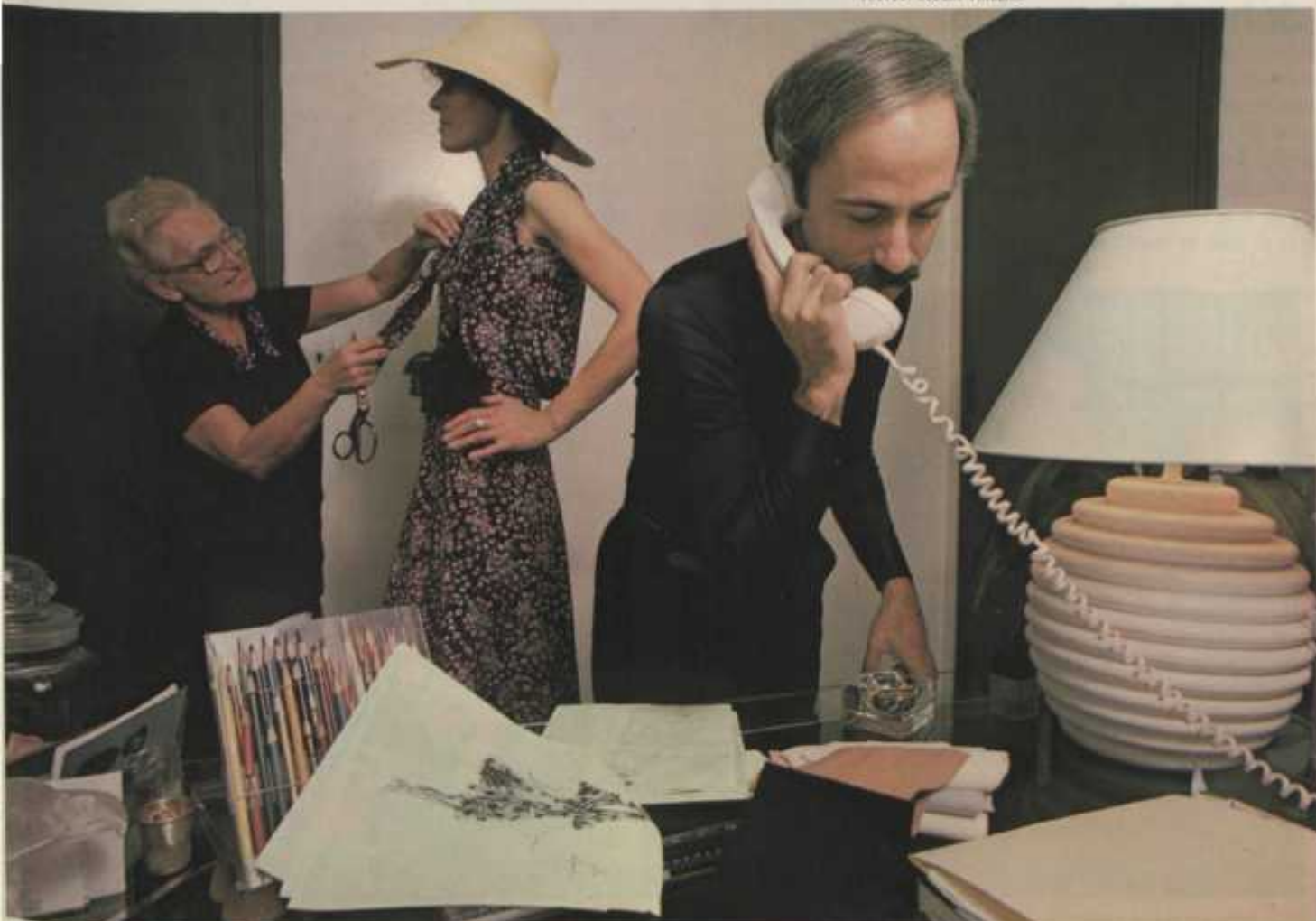
"I studied at the Fashion Institute of Technology, here in New York. (He doesn't mention that the Institute considers him one of its greatest alumni and has given him its coveted Mortimer C. Ritter award. Talk about himself has to be pried from him.)

"Then I worked for nine years as a designer of low-cost suits and coats. That was until I suddenly became aware of all the changes in the fashion world—the arrival of Mary Quant, miniskirts, and the whole discotheque feeling of the 1960s. I was still making 'junior miss' fashions—which indicated only a certain size. Traditionally, women of any age might buy in the 'junior miss department' if the clothes suited their pro-



John Anthony likes to innovate in women's fashions such as this about-to-be-shown outfit, and he doesn't stick to staid executive's garb in what he wears himself. Here it's black turtleneck, black slacks.

An exchange of thoughts between partner Bob Levine (right), Mr. Anthony and assistant Sandra Olesky (model Cathy Donovan is at left). "We all work hard," says Ms. Olesky. "We can be here until 4 a.m. before a show."



As seamstress Galli (she uses no other name) works on a dress, the boss works by phone—before getting back to what she's doing. He checks all merchandise.



"Designing clothes was all that I ever wanted to do. . . ." The model for this Anthony design is Patricia Soviero.

John Anthony, Inc.

continued

Home for Mr. Anthony (he's shown with his son, Marc, his wife, Molly, and their dog, Tiyu) is a town house on Manhattan's E. 75th St. His four-year-old firm's sales are running about \$2.5 million annually.



Eyes all around the world of fashion have been riveted on the firm, which takes pride not only in styling but in quality of materials and tailoring. It shows no sign of being hurt by the recession.

In only three years, the partners—Mr. Levine concentrates on overall management, Mr. Anthony on product—were able to pay off a financial backer. They're with tailor Joseph Cataliotti (right).



portions. But the more creative parts of the fashion world were making the term 'junior' a matter of style.

"I moved to the firm of Adolph Zelinka, where I had more freedom to innovate. But after two years, Mr. Zelinka decided to retire. That's when I realized I wasn't the type to go on moving from one job to another. So I decided: 'I'll start my own business.'

"Everybody said it was crazy. But I knew a fellow named Bob Levine, who is great at managing the business side of things. Neither of us had any money, but we became partners and found a backer who put up enough cash to get us going. We rented a small loft, which we could hardly afford, and I went to work on my first collection. It was all black, because that's my favorite color.

"Some creative people say they have a burning desire to express themselves. I don't think I was bursting to bring forth ideas. But I had often thought how I'd like certain women to look if I had my way. I like things to be understated. I like simple salads, not fancy ones, and it's the same with clothes—good components, well put together, with just enough contrast or detail to give an accent. Somehow, our first show was a hit, and we were on our way."

Early honor

That is a characteristic understatement. In his first full year in business, John Anthony won the Coty Award—highest honor in the fashion industry—which is voted by fashion editors and other experts. It was like an actor winning the Oscar for best leading man in his very first role. And it riveted eyes all around the fashion world on him and his firm.

Mr. Anthony's subsequent collections have not disappointed.

At a recent showing in New York's Saks Fifth Ave. store, top customers were invited to a lavish buffet. Then the lights went down, spotlights focused on the back of the long room, and a trim model wearing suit No. 1 came walking between the tables to the beat of fast modern music. The suit was black, of fine wool, with a short jacket tailored as perfectly as a \$500 item—though its actual retail tag was \$275. The rolled collar of its

lustrous white blouse went into an off-centered bow on the left side; and a bright red flower was pinned into the bow.

Women gave gasps of pleasure, their husbands broke into the approving smiles of men who can't stand frou-frou fashions but do like girls to look pretty, and the applause never died out until several minutes after dress No. 6 had disappeared. What might have been more important to Bob Levine, back at the company office, was the enthusiasm of Saks buyers and sales personnel. Substantial orders were on the way.

Three years after their whirlwind cycle of creating and selling began, Mr. Anthony and Mr. Levine were able to pay off their financial backer. They are now sole owners of the company, which grosses about \$2.5 million annually. When Mr. Anthony goes home at night it is to a wife and 13-year-old son in an expensive Manhattan town house.

Mr. Anthony envisions a few expansions of his activities. He is designing a rainwear line and also doing designs for a leading furrier. Having sold to Japan with great success, the firm may enlarge its exports a little.

"But I don't want to aim for the \$12 million to \$15 million in sales we could easily reach," he says. "That would mean just turning goods out like manufactured products, and it would rob me of my main satisfaction."

Anyone hearing this outside Mr. Anthony's offices might be skeptical, thinking it was said for effect. But it is a fact that he is personally involved with each garment. Any talk with him is likely to be interrupted by questions from his chief assistant, Sandra Olesky, and other coworkers.

Ms. Olesky comes in with a white dress that is due to go out to a customer that same afternoon. It was made with the wrong neckline, and there isn't time to remake the whole dress. Will the delivery promise have to be broken? "No," says Mr. Anthony, "tell the girls to do this. . . ." And he indicates how the neckline should be removed and restitched. Five minutes later, Ms. Olesky returns. "You'd better come and get them started right," she says.

"They're not sure they can sew it back perfectly."

Back in a few minutes, John Anthony says: "This one will work out fine. But sometimes it's best to recognize when the thing is not going to work and start over. If a garment is not going to be perfect, you don't try to fix it. You throw it out. A dog is a dog."

He throws out his own designs mercilessly. Often, as few as four out of 200 sketches are good enough to satisfy him that they deserve to be made up. If the percentage of good ideas is lower than usual, he just works longer hours.

Another thing John Anthony does personally and exhaustively is shop the fabric markets. No one does a more thorough job of scouting for materials that will give his designs lasting wearability. He also has long sessions with suppliers of hats, shoes, hose, furs, even cosmetics, who will take part in preparing his models to show the collections. With these items so expensive, he insists his accessories be capable of working full-time, from early morning until the last thing at night.

In the stratosphere

When he has to leave the office for an hour, Mr. Anthony puts his head in at the workrooms and tells the supervisor what time to expect him back. Then he gets into the elevator on the 24th floor of the U.S. fashion world's most prestigious building, at 550 Seventh Ave. It is only a few blocks from the loft that he left so recently, but it is the stratosphere of the industry. The elevator glides down past floors occupied by Bill Blass, Stephen Burrows, Tina Leser, Oscar de la Renta—America's top couturiers who now compete with Paris' best and often win.

To have flown so high so fast could be perilous. Designers, like actors, have been known to flourish suddenly, then fade. But some of the soundest heads in the industry see no such fate for Mr. Anthony.

"I wish I had a piece of that company," is one comment. "This young fellow knows his business. He learned it right. He can deliver what his customers need. That's what business is all about." END

The Head Man's Goals for the Mail Service



Benjamin Franklin Bailar faces a tough job as Postmaster General—and here's the way he plans to tackle it

An after-dinner speaker or stand-up comedian will usually get a good laugh with a story like this one:

"I'll tell you how we can get rid of the recession. You carefully wrap it up, seal it with tape, tie it with cord, mark it fragile, take it to the post office—and it will never be heard from again."

Benjamin Franklin Bailar (pronounced BAY-ler), who has just taken over as Postmaster General, will sourly hear countless such stories as he, too, tries to straighten out what the kindest critics call the "postal mess."

Mr. Bailar finds the job a chal-

PHOTO: FRED WARD—BLACK STAR



PHOTO: JOHN TRORA

challenge. Most of his predecessors also found it a challenge. Even much-admired, old Ben Franklin (whose admirers included Mr. Bailar's great-grandparents on his mother's side—they named a son, for whom the new Postmaster General is named, after the first PMG).

Considering that the four-year-old, semi-independent U.S. Postal Service, which is supposed to run on a pay-as-you-go basis, is going to sink into the red about \$820 million this year (almost double last year's \$438 million deficit), the PMG has his work cut out for him.

His job isn't made any easier by the fact that negotiations on a new contract with the five postal unions (the best organized, most aggressive in federal government) start April 21 with demands for at least \$2 billion in additional pay and extra benefits (fully paid dental insurance, to name only one of them) already on the table.

And the fact that the 200,000-member National Association of Letter Carriers is threatening a strike over a survey now under way to determine if the carriers are operating at peak efficiency.

Plus the fact that he must halt the loss of lucrative parcel post business being skimmed off by outside competitors. And that he'll be forced to face the wrath of millions of mail users when postal rates are jacked up again (first-class postage will likely rise to 13 cents soon).

Still, Benjamin Franklin Bailar believes the system can be made to work.

"I wouldn't have taken the job if

I didn't," he told NATION'S BUSINESS.

Mr. Bailar, who turns 41 this month, came to the Postal Service from the American Can Co., as did his immediate predecessor as Postmaster General, Elmer T. Klassen. At American Can he started as a financial analyst, became assistant to President Klassen and moved up to corporate vice president. Mr. Klassen lured him to the Postal Service in 1972.

A set of goals

The new PMG, who has an M.B.A. from Harvard, has several immediate goals in mind. He says:

"I want service to include less parcel damage, more courtesy from postal employees, sufficient lock-boxes in post offices, and more conveniently located post offices. Have you ever seen a post office in a shopping center? Well, that's where the people are now, so that's where we ought to have them."

Over the long haul, of course, he wants the postal system to pay its own way. It came close in 1973. He explains:

"We lost \$13 million, which represented only a little more than a tenth of 1 per cent of our total budget [\$9.8 billion]. But with the inflation, coupled with the recession, we are falling far away from the break-even point."

Mr. Bailar says he is a strong believer in good pay and working conditions for his 710,000 postal workers (only American Telephone and Telegraph Co., with more than 800,000 employees, has a larger work force),

but expects a dollar's work for a dollar's pay.

"I've got an obligation to run the postal system efficiently, to get all the productivity increases that we can," he asserts.

"The unions—both the officers and the members—have to understand that the only way we can continue to support economic gains for them is through increased productivity and efficiency. In the last analysis it's in their self-interest."

He gives the impression he is not cowed by the threat of a letter carriers' strike.

Under evaluation studies going on in Kokomo, Ind., Portland, Oregon, and Providence, R.I., virtually every movement of a random selection of carriers is being clocked from the moment they check in till they hang up their mail bags at the end of the day. The carrier's physical condition, the geography of his route, the number of drop-offs, the volume of mail—all such factors are compiled and fed into a computer.

"All we are asking is for the carrier to put in a fair day's work," Mr. Bailar explains. "We are not going to ask him to cover his route on the run, and we are not necessarily going to ask him to work harder."

15,000 out of work?

Union officials claim such efficiency studies could throw 15,000 carriers out of work, but the PMG says the union is needlessly concerned, since its contract has an ironclad no-layoff provision.

If jobs are eliminated—and some

Goals for the Mail Service *continued*

will be—the payroll reductions will be taken care of by attrition or by transferring displaced carriers to other work, he says. The studies may be extended to the entire postal system, but if so, results won't be fully implemented for two to three years, he adds. An example of results so far: In one instance in Portland, four carrier routes were dropped, and in another, one was added.

"The important thing is that we are going to have to have an attitude of realism on the part of the unions," Mr. Bailar emphasizes.

"We've got a mandate to increase our efficiency. I think the public expects it of us. I know the Congress does."

What if there is a postal strike? Mr. Bailar doesn't expect one but he has a contingency plan if indeed the carriers walk out, or if any of the five unions decide to hit the bricks in a dispute over contracts which expire in July.

Although strikes against the government are illegal, more than 200,000 workers in the Northeast walked off their jobs under the old Post Office Department five years ago. The government didn't fire, fine or imprison a single worker, as it could have by law. The National Guard was called in to help keep the mails moving.

Even as a semi-independent agency, the Postal Service is protected by law against strikes. Moreover, all five union contracts with it contain no-strike provisions.

Effects of an illegal strike

Without disclosing what he *would* do if a crippling strike hits the Postal Service, Mr. Bailar is willing to talk about steps that *could* be taken.

"You could embargo certain non-critical mail, for example," he says. "The Postal Service has a monopoly on first-class mail and the Postmaster General is empowered by law to suspend first-class mail."

"Obviously, if you can't provide a service to somebody you are obligated not to take advantage of your monopoly and assume the position that you are not going to let anyone else provide it either."

"For the Postal Service, the expensive thing about that—and I hope



the unions understand it—is that sometimes people find new ways of doing things.

"Some customers might say, for example: 'We won't mail out our bills this month. We'll start skipping a month and bill our customers every two months instead. It'll cut our billing expense in half and it'll cut our postage expense in half.'"



It also is entirely possible, he explains, for a bank, as an example, to set up a financial entity that would buy receivables from the water, gas, electric and phone companies and send a single bill to customers.

"I am not trying to advertise ways for people or businesses to save postal money but I want the unions to know that the options exist," Mr. Bailar says.

"There are alternatives to the Postal Service, even though you don't have competition in first-class mail. I think everybody connected with the Postal Service had better understand that pretty fast."

Keeping track of costs

While the Postal Service has not achieved the desired status of a pay-as-you-go institution, Mr. Bailar is convinced that the decision to take postal activity out of politics will prove a wise one over the long haul.

The Service this year is handling four billion more pieces of mail than four years ago and with 20,000 fewer employees, he says.

"Not only that, but we've got substantially improved working conditions and promotion opportunities, and improved accounting procedures—we keep better track of our costs," he adds.

He likes telling the story of how his predecessor, Mr. Klassen, visited a politically appointed postmaster in a major city and asked the man if he knew how much it cost to run his post office.

"The postmaster didn't know, even though he had a budget in the neighborhood of \$90 million. He simply wasn't a manager. He wasn't expected to know costs and he certainly wasn't expected to hold costs down."

Today, a postmaster knows what it costs to run his post office.

Even though the Postal Service has the goal of supporting itself financially, Congress recognized, in passing the Postal Reorganization Act, that certain functions would continue to be underwritten by the government. Of the Service's current \$12 billion budget, \$1.5 billion is a direct subsidy voted by Congress.

The subsidy covers mail opera-



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Dodge is very big on a couple of small engines. The 225-cubic-inch Slant Six. And the 318-cubic-inch V8. Both have plenty of power and make it on very little gas. (And they're smaller than any engine Ford or Chevy's got.)

- 2. Great fuel economy.**
Tradesman's gas-sipping Slant Six will give you a real run for your money. In recent EPA tests, it went farther on a gallon than any other van. In stop-and-go city driving or out on the open road, you can count on Tradesman to go easy on the gas.

- 3. Big standard fuel tank.**
Dodge gives you a standard gas tank that holds 23 gallons. (Chevy's tank holds only 21.) If you really want to fill 'er up, you can opt for our big 36-gallon tank.

- 4. Easier side loading.**
Tradesman lets you take in business on the side with a standard side door that's a big 49 1/4 inches wide. (Bigger than either Ford's or Chevy's.) And because our passenger seat's in an out of the way place, there's plenty of room to load cargo, too.

- 5. Lighter curb weights for payload.** Dodge Tradesman weighs less and can carry more than either Ford or Chevy. On comparable models, it weighs 524 pounds less than Ford and 140 less than Chevy. With Dodge Tradesman, you go in weighing less, so you can come out carrying more. It's as simple as that.

- 6. Better maneuverability.**
Tradesman's easy handling and compact size let it literally run rings inside Ford and Chevy. Curb to curb, its turning diameter is over three feet shorter than either of them. So, you can U-turn a Tradesman without a lot of backing and filling.

- 7. B300 short wheelbase.**
With a Tradesman B300 (short 109-inch wheelbase), you can jockey up to a ton of stuff into tight areas that a van with a longer wheelbase couldn't get into. So you can take care of all the little ins and outs that a Ford (138-inch) can't.

- 8. In-cab hood release.**
It keeps strangers from poking around in your engine. Once you've locked your doors, you've locked your hood, too. (And it's an option that only Dodge has.)

- 9. Biggest van in the business.**
With 18 extra inches of overall length, the Dodge Maxivan is the biggest van on the road. You can count on Maxivan to handle all the big stuff that other vans can't even close their doors on.

- 10. Smaller standard tires.**
Because Tradesman weighs less than any other van, it can go on smaller tires, too. (Tires that could save you up to 40 bucks at replacement time.)

- 11. Wide choice of engines.**
With Tradesman, you've got three engines to choose from on every model. There's a thrifty 225 Slant Six (plenty of power but economical, too). A 318 V8. Plus the muscle of a 360 V8.

- 12. Automatic speed control.**
Tradesman's optional automatic speed control makes it easy to take it easy. Cruising at a constant speed not only saves on gas, it saves on the driver, too. (Available on both Dodge V8's, but only on Ford's biggest V8.)

- 13. Single rear door.**
Tradesman's optional single rear door has a big panoramic rear window. No one else has it. (Standard are two swing-out doors.) What about getting in and out on the side? You can go with our swing-out doors. Or you can opt for one that slides.

- 14. Air conditioning.**
More than likely, a lot of long hard days are also going to be long hot days. So, you can opt for air conditioning on every Tradesman model. (But not on every Ford.)

- 15. Proven Electronic Ignition.**
When it comes to Electronic Ignition, Dodge was off to a fast start years ago. Today, we've got the kind of proven performance you know you can count on for surer starts and fewer tune-ups.

- 16. Glove box.**
Dodge gives you a car-style glove box (with an optional door) in the instrument panel. In Ford and Chevy, the glove box is only a bin in the engine cover.

- 17. Auxiliary rear heater.**
Dodge offers an auxiliary rear compartment heater on every



Tradesman model. (Chevy doesn't have one at all. And Ford's 124-inch WB doesn't have one either.) So with Tradesman, working in back is a lot nicer in cold weather.

- 18. Largest selling van chassis.**
Look underneath most mini motor homes and you'll find a Dodge van chassis. (It supports more families than anyone else in America.) And it comes with great features such as "Thumpless" tires, a choice of either 127- or 145-inch wheelbase, and a maximum GVW of 10,500 pounds.

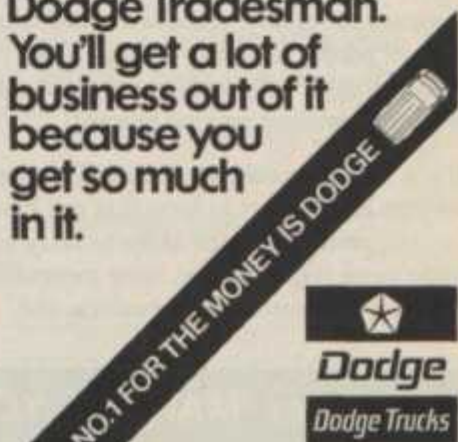
- 19. Larger parking brake linings.**
Dodge has beefed up its parking brake linings (they're bigger than Ford's). Because the bigger they are, the longer they'll last. Which means less money to shell out for replacements.

- 20. Easier front wheel alignment.**
Dodge's independent front suspension gets the bumps before they get you. But sooner or later, the bumps get to any suspension. On a Dodge, realignment's an easy matter. Not so on a Ford. Their suspension can't be realigned on anything but special (and sometimes hard-to-find) truck alignment equipment.

- 21. Lower overall vehicle height and shorter length—garageability.** Tradesman is more compact than Chevy, and up to a foot shorter than Ford. And that can mean a lot when you're short on space. Especially if you've got more than one van.

- 22. Standard two-stage front door check.** Dodge has put a stop to slamming doors. In two positions. If you're in a hurry, check the door half-way. If you're lugging a load, Tradesman's doors will open wide. And stay there.

Dodge Tradesman.
You'll get a lot of business out of it because you get so much in it.



*Based on R. L. Polk's 1974 model year retail registrations for Tradesman vans and van chassis.

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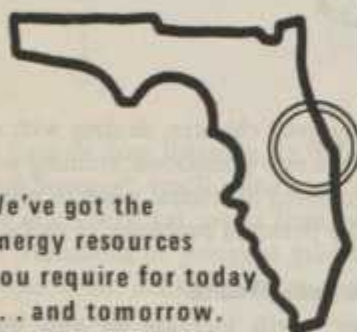
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Goals for the Mail Service *continued*

tions which can never pay their own way, notably operations in isolated sections of the country.

If it were not for inflation, Mr. Bailar says, most of the four classes of mail service would pay their own way—and that includes third-class or so-called "junk mail."

Third-class mail, which he stresses is a "legitimate advertising medium," is a "very attractive business to us," he says.

"If we lost that business, we would lose revenues amounting to about twice what the reduction in our costs would be. In other words, if we lost a piece of mail that we take in six cents on, we'd only be able to cut our costs by three cents."

Signs of a decline

Signs of a decline in third-class mail volume are starting to surface in this period of recession, Mr. Bailar adds, explaining: "When we raise rates there are other avenues available to advertisers besides third-class mail."

He concedes that newspapers, magazines and other published material which move by second-class mail enjoy an "advantageous" rate. While all classes of mail pay total direct costs involved in their movement through the system, and help finance overhead, second-class users contribute a lesser amount than the others toward overhead.

"Congress says that's the way it wants it, and we say that's fine," Mr. Bailar says. "We have determined that second-class users ought to make a lower contribution to overhead because of their contribution to the public good."

Overall, according to Mr. Bailar, postal rates have generally been adequate—except for the ravages of inflation—and with anticipated new increases, they again will be sufficient, except if further inflation takes a heavy toll.

"I do think the rates were particularly low a few years back, when it required heavy subsidies to make up the difference between income and outgo and when postal workers weren't being paid competitively," he says. "But I think our postal workers [who average \$14,000 per year with extra benefits] are well-paid now

and I think our services continue to be a good bargain."

In time, he says, and when inflation has subsided, he would like to see postal rates kept in line with the Consumer Price Index. Or even below the CPI—"but I am not sure that's possible."

No rhapsody for subsidy

He says he would prefer—and it would be "sounder"—that the postal system operate as a self-supporting economic unit, that is, without any subsidy from Congress.

One reason he is distressed by the subsidy, he says, is that it tends to make the unions feel Uncle Sam will come to the rescue if the Postal Service can't meet demands for increases in pay and extra benefits.

"A lot of people in the Service are inclined to say, 'If we need more money we'll go to Congress and get it,'" he notes. "That is not a good climate for a sound managerial philosophy. You've got to be accountable for what happens."

"Without repudiating the idea of collective bargaining, I have to assume that one of the elements of their thinking is that postal management might be easier to negotiate with if it weren't our money, figuratively speaking. I don't think that will be the case."

The success of United Parcel Service and other private firms handling parcel post points up the threat of loss of business when traditional mail users seek alternative ways of moving postal material, Mr. Bailar notes.

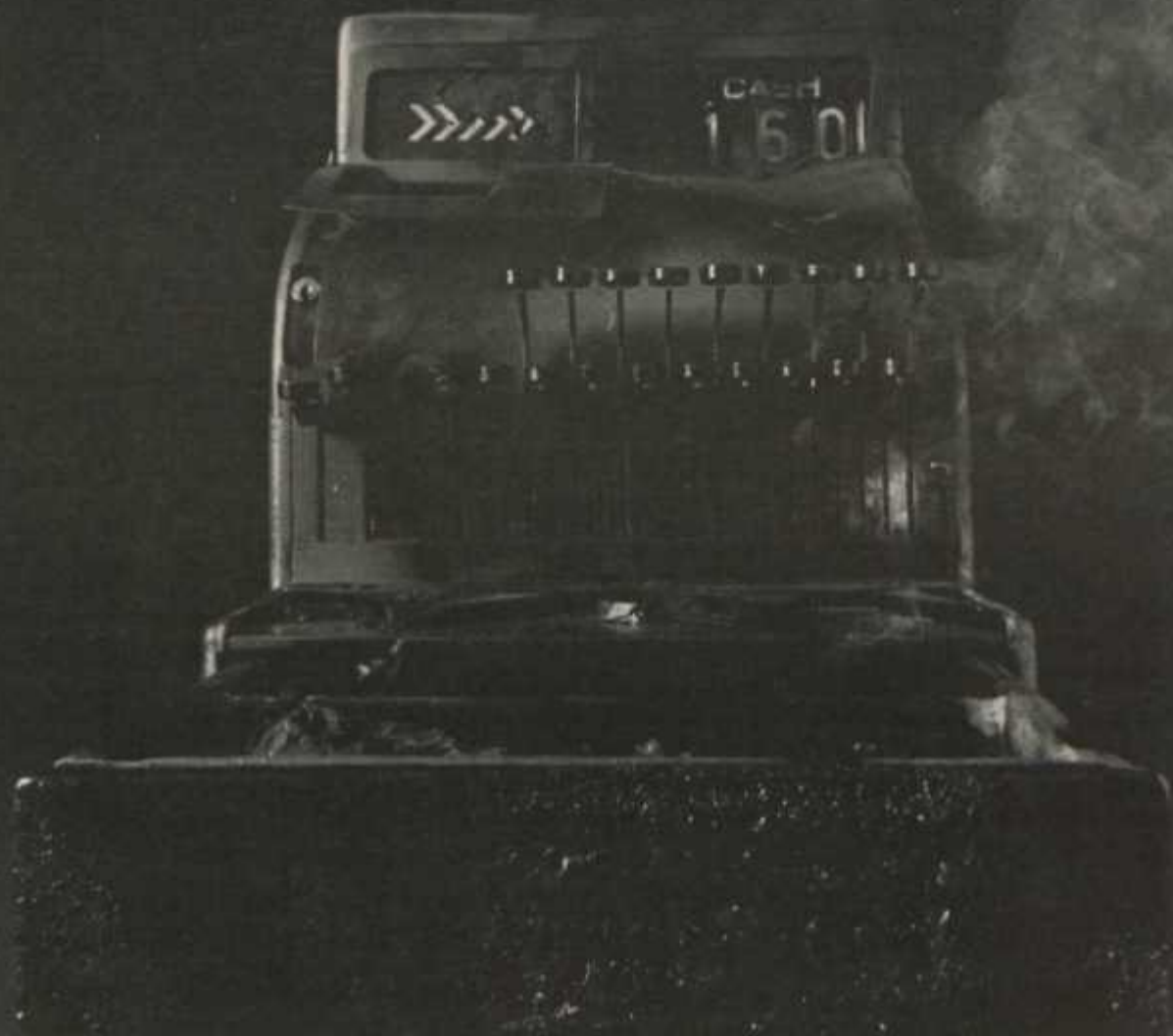
But it also explains why USPS has needed subsidies, he says.

Private firms can focus on the most easily served, densely populated areas, says the PMG. "They can pick the business they want. But we have an obligation to serve everyone in the country, no matter where they live or do business. We must maintain 31,000 post offices; they have a handful of installations. They don't go out of their way for individuals; they look for the big commercial accounts."

"If they get a package to an outlying area they don't service, they drop it off at the regular post office."

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Goals for the Mail Service *continued*

side of Congress, leveled at the new system, Mr. Bailar predicts no return to the old government-run post office establishment.

If for no other reason, he says, members of Congress are not anxious to be saddled again with the responsibility of appointing postmasters.

Whatever the faults of the politically dominated system, some good appointments were made, he says—"a lot of Congressmen tried to get good people and they did. We couldn't run the post office without the political employees we inherited."

Since postal reorganization, 13,200 postmasters have been appointed, all from within the system.

Independent means

Under the old system, all postal revenues were channeled into the Treasury, and the Post Office Department had to go before Congress annually for its appropriations.

"I'd hate to think how we'd fare now with the federal deficit being what it is," Mr. Bailar asserts. "In the area of construction and research alone, because of priorities, Congress, if the old system were still in effect, would probably tell us we could wait."

"Today, we have control over our revenues and our expenses. So we've been able to increase our research budget from \$25 million to \$60 million a year—something we could not achieve if we depended on Congressional appropriations."

In Mr. Bailar's view, complaints against postal service are unfairly and unrealistically magnified by the press.

He says a survey conducted last year by Elmo Roper, the public opinion tester, showed that when measured against such services as medical, telephone, television repair and gas and electricity, public reaction to postal service ranked most favorable.

"We handle 300 million pieces of mail a day," says Benjamin Franklin Bailar. "A piece of first-class mail is carried for 10 cents, which is less than enough to buy a minute of a postal worker's time. When you can do that you have a pretty good system." **END**

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Baring All on Baling Wire

Baling wire, in short supply during the last two haying seasons, is more plentiful as this year's season gets under way in some parts of the country. But the possibility of another shortage, before the season ends, can't be discounted.

If there is one, and there's a renewal of consumer complaints about retail prices of baling wire, a major manufacturer of the product is ready with some facts.

Last year, Armco Steel Corp. felt some of the prices were more than the traffic should bear. And it didn't want to be blamed.

In some parts of the country, Armco noted, imported baling wire had been selling to the farmer for as much as \$75 a box.

So, with a frank advertising campaign in Oklahoma, the company revealed marketing facts that normally are privileged information. Using Oklahoma City as an example, Armco said it delivered a box of baling wire to the dealer at a total cost of \$21.61, which included freight.

Reports an Armco spokesman: "In addition to ads of this type, the product manager sent letters to all of our distributors of baling wire suggesting that we would look with considerable disfavor on any distributor who took advantage of the shortage to charge excessive prices."

There were 11 major domestic manufacturers of baling wire several years ago; now there are only four. The others abandoned production because of foreign competition. Since then the foreign firms have turned to lines where profits are higher.

Armco says it has no inventory of baling wire.

"Everything we make goes onto a truck," one company official reports. "A box doesn't stay here seven or eight hours, if that long."

However, an Armco spokesman says, if a shortage does develop this year it should be less severe than those in 1973 and '74.

In the meantime, Armco plans to tell it like it is. **END**

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Walter B. Wriston of Citicorp

Speaking up from the heights

Walter B. Wriston gives the impression that he is rarely surprised by anything, and that he has his alternatives aligned in as orderly a fashion as the cigarettes in a freshly opened pack.

It's a correct impression, people who know him well say. And those traits stand him in good stead in his work.

Mr. Wriston is chairman and chief executive officer of Citicorp (an intentional—and to some objectionable—contraction of City Corporation) and of its principal subsidiary, Citibank, the First National City Bank of New York.

Citibank is a giant among giants—a \$55-billion-assets international colossus with more profits, and operations in more countries, than any other bank. Mr. Wriston runs it from a six-seat, round table—more convenient than a desk for the conferences he frequently holds—in an office high above Park Avenue. Decisions he reaches can affect fortunes of myriads of persons and firms.

He has personally led the bank into 64 countries, putting it in 103 in all. He was a big factor in creating Citicorp—the first giant bank holding company, which now controls a cluster of other firms as well as the bank. And he is about to lead Citi-

bank into a state-wide branch banking network—a move only recently made permissible under New York State law.

(The only bank that is bigger in assets than his, Bank of America, operates in California, where state-wide banking has not been restricted.)

Despite his power, he is known as "Walt" to those around him. And despite eternal pressures, he is able to take a full month's vacation—uninterrupted, mind you—each summer. Additionally, he finds the time to personally write his public speeches, instead of merely grabbing material written for him, and to check ever so closely what he says. The checking includes consultations with his father, Henry M. Wriston—an author, historian and retired president of Brown University—on historical references sprinkled in the speeches.

A lean six-foot-three-incher who frequently wears his bank's tie—red and blue stripes with the bank insignia woven in—and whose head of hair is losing its battle for existence, Mr. Wriston, at 55, has many good years of banking and high finance ahead.

He was born in Middletown, Conn., and graduated from Wesleyan University—which is in his home-

town—and the Fletcher School of International Law and Diplomacy at Tufts University.

After working briefly for the State Department, and serving four years in the Army during World War II, he joined the bank as a junior inspector in its comptroller's division in 1946. Twenty-one years later, after service in division after division and in progressively more important positions, he was named president. He became Citicorp's president when it was formed in 1968, and chairman and chief executive officer of both Citicorp and Citibank in 1970.

He and his second wife, the former Kathryn Ann Dineen, an attorney whom he married in 1968 after the death of his first wife, live in Manhattan and also have a country place. He has one married daughter.

Mr. Wriston can be caustic, quick to disagree if something said is wrong in his opinion. Here, in an interview with a NATION'S BUSINESS editor, he speaks his mind about himself, his company and a subject close to every business executive—banking.

Mr. Wriston, can we ever expect interest rates to come back down around 5 or 5½ per cent for mortgages and business loans?

Probably. Interest rates have been

Walter B. Wriston *continued*

a product of inflation rates, plus a steady 3 per cent, over the last few hundred years. If we get our inflation rate down far enough, then interest rates will come down to 5 or 6 per cent. We had inflation of 1 or 2 per cent in the 1950s. Why can't we again?

What's your answer to people who say charging 10 and 11 per cent interest is a bit on the hoggish side?

In real terms the economy isn't increasing, but in nominal terms it is. So, if you want to play the popular game about real terms with interest rates, they are not any higher today than 20 years ago.

To repeat what I just said, the interest rate is the inflation rate plus roughly 3 per cent.

If your interest rate is 12 per cent and your inflation rate is 12 per cent, the moneylender's net is zero. Zero is not a hoggish rate.

What's the inflation outlook for the next few years?

I am convinced inflation is going to moderate very, very substantially.

One problem in judging such things is that the indices used are not even. Many items already are selling for much less than they sold for a year or a year and a half ago.

You're very encouraged, then?

Yes, I am.

How about the long term? If today's dollar is worth half the dollar of 10 or 12 years ago, what will the dollar be worth in another generation?

I don't agree that the dollar is worth half what it was then. One of our problems is that nobody measures quality in the price level. A lot of people are walking around now with electric pacemakers for their hearts. Ten years ago they would have died because there were none. Nobody gets mastoid any more. Nobody gets polio.

And, none of the economists measures the real value of money. I don't know what it is worth to you not to get polio. But, there weren't enough dollars in the world just a few years ago to buy the Salk vaccine.

I think somebody should put his mind to figuring out how to measure

quality in the price level instead of going around saying the dollar is worth half what it used to be. What economists tend to do now is measure quantity. They count the number of dollars in circulation, and examine what things cost now and in the past.

As for the long-term future, what the dollar will buy depends on how much money we print. If we produce money faster than goods, we could have tremendous inflation down the road. I think our leaders have learned a lesson, and will try not to let that happen again.

What are your feelings regarding the confidence-shaking troubles of varying degrees that we have encountered at some banks—Herstatt and Franklin National, for example?

The first chapter of the Bible says that in the world there shall be tribulations. I have not seen anything in the last 50 years to show that the Bible is wrong.

We get instant attention to tribulations now that we didn't get before. The U.S. fought the biggest battle of the War of 1812 two weeks after the peace treaty was signed, because the ship was late with the news that the war was over. Today, when some bank loses one month's earnings because of some kind of a problem, it is all over the front page of every paper in the world the next day.

I think we will continue to have problems, but the important thing is that the world is seeing the greatest transfer of economic resources in the shortest time frame in history, with few banking problems. Two or three badly managed peripheral banks failed, but that was not a very big price to pay considering the magnitude of the problem.

Do many American banks make long-term loans using short-term money?

All banks make long-term loans using short-term money. That's what the first banker did 2,000 years ago. It is only a matter of degree. Some foreign banks make long-term loans that they call demand loans. They just never get paid.

American banks make term loans against demand deposits, but they are quite liquid because they have stated maturities.

The World Bank estimates that about \$1.2 trillion is heading toward Arab reserves in 10 years, for oil. What do you think?

I don't agree that anyone can make an accurate prediction of 10 years on that because it postulates that science goes backward or stands still. I think redistribution of the sources of energy in 10 years will be just as dramatic as what has happened in the last year in redistribution of money.

As you've pointed out in a speech, the price of whale oil hit \$2.55 a gallon a century ago, and then petroleum came along as a substitute—destroying the whale oil industry. Will petroleum go the way of whale oil?

I don't think there is any question that the price of oil will come down. The question is how much and when. We will find other sources of energy. And the oil-producing countries will find out they can't maintain a worldwide cartel on this level.

If I really knew how it would break, I wouldn't have to be working. But I am sure that it will.

Banks seem to have lost some of their ambience of dignity and stability. We used to have marble and mahogany, and now we have plastic palaces. Do you think that is good?

Any institution which doesn't respond to the changing values of society goes out of business. People don't care for marble palaces anymore. They want service. Besides, costs are such that you can't afford to build a marble palace.

In the old days, before the Federal Deposit Insurance Corp., people worried about the solidity of banks. To counteract this, banks built fortresses with brass lions outside, so that when you walked in, you were intimidated to begin with. And the banks looked terribly solid.

With the growth of the FDIC and the solidity of the banking system, people no longer worry that much about the banks. And they do not wish to be intimidated. So we changed with the changing value system.

Do you foresee a time when banks will be open on Sundays?

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Walter B. Wriston is one of America's most international-minded bankers. He has expanded Citibank in every direction. Here, he hosts a luncheon at the bank's New York headquarters for Lt. Gen. Mobutu Sese-Saku, President of Zaire.

Walter B. Wriston *continued*

Not banks as we know them. But facilities are open now on Sundays—automatic teller machines, for example, that give out cash, take deposits and transfer money.

Actually, some banks have branches in supermarkets that are open 24 hours a day.

Didn't the British have the first sidewalk, automatic teller machines?

Yes. Barclay's did. But people would pour warm beer down them and that would gum them up. Barclay's finally took most of them off the sidewalks and put them in their lobbies.

What do bankers think of the so-called Bank Security Act, which requires them to gumshoe for Uncle Sam and give him information on deposits which might not be any of his business?

I think it is a clear invasion of privacy. And Citibank was the only one that hung in there for four weeks against it. It is fascinating to me that a member of our Congress, in a speech one night, complains that the invasion of privacy in a private data center would be wrong, and the next morning votes for a law requiring that banks give confidential information to the government.

Citibank does not give out any information without a lawful subpoena. That has been our policy since I have been around here and it will continue to be.

I think there is a growing awareness of the inequities of the Act. I'm appalled that the consumer advocates aren't up in arms against it. Organizations like the American Civil Liberties Union are now, but the ACLU was out to lunch when the law was passed.

Will the single state banking law be altered so banks can operate across state lines?

I think so. It is an anomaly the way it is now. It is clear our financial system isn't responsive to a trillion-dollar economy. I think the way it will happen, there will be reciprocity between states for openers. New York and California will be the first two such states, I think. And when laws are passed on reciprocity, the world will find out that it is still there.

Do U.S. banks feel discriminated against because foreign banks are permitted to operate fully in a number of states?

We are, of course, at a competitive disadvantage, since foreign banks en-

joy a great deal more freedom than U.S. banks in this country. However, we believe that the answer is not to reach out and regulate foreign banks but to grant American banks the same freedom so we can compete on equal terms.

The day may come when we will congratulate foreign banks for leading us down the road to nationwide banking, which would be much more efficient for banks and the public.

What other big changes would you like to see in American banking?

American banking has gotten terribly overregulated. We filed an application with the Federal Reserve Bank to buy a very minor operation. Our report is about as thick as the J.C. Penney catalog. It contains an amount of useless information that is unbelievable.

We file over 4,000 reports a year with the Federal Reserve Bank, and there aren't enough people there even to read them.

So the result is that a great deal of management talent is being diverted from running the business to filing reports, working on regulations.

What about changes in international banking?

I think international banking goes very well. I have no structural changes to recommend.

Big banks are sometimes lenient about long-term loans in order to prop up big companies that are in financial trouble. How altruistic should a banker be in this regard?

Bankers, like other businessmen, are loyal to customers whom they have served over a long period of time. The Fed, as you know, sometimes urges that we support some large companies with a liquidity problem.

Since it is the banks, and not the Fed, that are taking the risk, it is up to us to determine whether assisting a deeply troubled company makes sense in the long run. Our aim is to make loans which will be paid off in time; it is not to bail out a mismanaged operation and thus postpone the ultimate day of reckoning.

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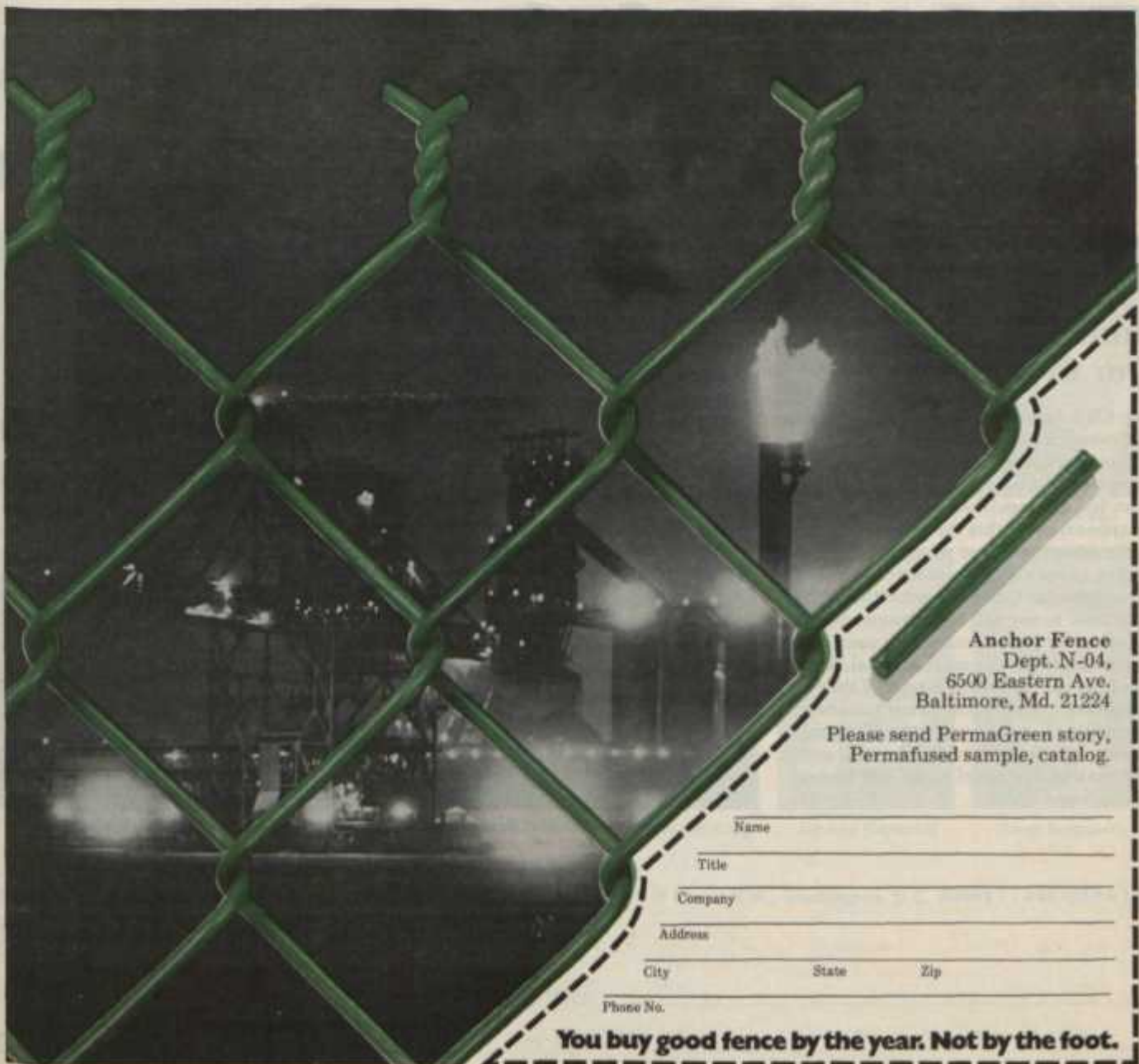
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Walter B. Wriston *continued*

financial center, as Washington increasingly becomes the place where the really big money is?

I don't think so. Washington did its best to attenuate the importance of Wall Street with the passing of the interest equalization tax—which was a “temporary tax” that celebrated its tenth anniversary recently. And the result was that a lot of expertise moved out of Wall Street to London and the Eurodollar market. Now the tax is off, and Wall Street is beginning to assemble the talent again.

But you can't raise any money in Washington. You have to have markets. The market is still in Wall Street.

Women are coming on strong in banking. What's your feeling on this?

All the women vice presidents in our bank are every bit as competent as the men, and every bit as well accepted. Whether a banker is a man or a woman never enters my mind, frankly.

I called on a major corporation the other day with a lady who is the account officer, and nobody paid any attention. Why should they? Also, the vice president in charge of our main office here at 399 Park Avenue happens to be a woman, Marion Schappel. She is as good as there is in the business.

Can a woman get a Citibank credit card as quickly as her husband can?

Certainly.

Some women's organizations claim women have a lot of trouble getting credit if they are divorced—particularly if they want to transfer their credit cards back to their old names.

There isn't any question but what that used to be true. It was also true that there wasn't equal pay for equal work, and that there were other kinds of discrimination.

But in today's world it is not true, and I know this for a fact. In today's world it is unthinkable to have discrimination. But whether this is by law or not, we wouldn't do it here.

When you think of the Bank of America, do you wish that Citibank could be the world's biggest?

What I get paid for by the share-

holders is earnings. We passed the Bank of America in earnings a year ago, and I have no doubt we will be well ahead of them next year. So the total asset figure, by itself, is of no interest whatsoever to me.

Your speeches are very good. Do you enjoy making them?

Thank you for the compliment. I enjoy making them and I enjoy writing them. Of course I get a lot of help from researchers here at the bank. But the chances of my ever saying anything that the speech writers prepare for me is remote. The finished products are mine.

I like good quotations, good historical references. I have always been a history buff. It bugs me when people think that everything they see today is happening for the first time.

My father has a great grasp of world problems and I use him often. He's 85 now. I call him and say: “There was a fellow in the Eighteenth Century in France who said so and so.” My father will say: “You've got it wrong. I'll call you back when I check it.” He's a great help.

In a recent speech, you said: “Those who would substitute the judgment of the bureaucrat for the judgment of the consumer inevitably forget that liberty is indivisible.” Could you elaborate?

The free market for goods and the free market for ideas stem from the same root—freedom. History confirms that when a citizen loses his economic freedom, he ultimately loses his political freedom as well. It was no accident that intellectual freedom disappeared under Hitler and did not reappear until the free market system was established in West Germany after the war.

In the same speech, you said that the time has come for businessmen to “recognize that we have the same rights under the First Amendment as any other group in our society.” What did you mean?

I meant that the businessman has the same right to express his views to the public or his elected representative as any other citizen. Those who criticize businessmen for speaking up in the media or in Washington should

be aware that the Constitution guarantees free speech to all our people—whether they represent management or labor, students or senior citizens.

Mr. Wriston, what reaction did you get when you said in a speech in New York that the majority is no longer in control of the city while minorities are setting the pace?

That was at a dinner for the Regional Plan Association. When I started to talk, the blacks in the room were ready to get up and walk out—on the theory I was talking about them. But halfway through, they figured out I wasn't talking about them, and they cooled off. The minorities I had in mind were the one-issue protest groups—that is, small pockets of dissent which frustrate the will of the majority, and make it impossible for New York City to be governed with any degree of efficiency. At the end of the speech, I got a standing ovation.

Do you enjoy being controversial?

I don't think I am controversial. There is a herd instinct in the world, and whenever anybody says anything that is not the usual, people say: “You are controversial.” Maybe you are and maybe you are not. But so many statements are made on which nobody does any thinking. This is unbelievable to me.

When we make a speech here, we try to think about it a little bit. The result is that sometimes we say something different from the conventional wisdom. And so others say it is controversial. The happy thing is to watch those things come true.

The biggest example was price and wage control. We were against that from Day One. Many other businessmen were all for it. After the experiment with controls for a year, the others swung 180 degrees.

What do you do for fun?

I play tennis a couple of times a week, and my wife and I run a tree farm at our place up in the country. I am a carpenter, electrician, plumber, backhoe operator, front-end loader operator and chain saw operator—you name it.

You don't do these things to save repairmen's fees, do you?

Partly. And because there aren't any repairmen anymore.

What is your idea of a great weekend?

To be up in the country and play a few sets of tennis and work outdoors both days, and read a couple of books. No cocktail parties.

What is your idea of a great vacation?

Every year I take a month. I go to Bermuda for two weeks and play tennis and then I take two weeks at my place up in the country. I can take my full vacation, unbroken, because the bank is a great organization.

Those executives who don't take time off—I think they're wrong.

I was here at the bank when we first started working five-day weeks. But the man who was then chairman came in every Saturday, anyway. After about three months, he stopped coming on Saturdays and everybody else stopped then, too. So that was how the five-day week worked out.

What will you do when you retire?

I haven't the faintest idea. My objective is just to get through today.

If you weren't a banker, what would you like to be?

A newspaperman.

You can't be serious?

Yes, I am. When I was in college I was a part-time correspondent—a stringer—for some newspapers and I enjoyed it.

If I had not been a banker or newspaperman, I might have been a lawyer.

But I don't think it matters what you do as long as you have a good time and make a constructive contribution to the society you live in.

END

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The European Common Market is headquartered in Brussels, Belgium's largest city and capital. The four-winged Berlaumont building is the Market's nerve center.

Belgium has been for many years the most receptive to foreign investment of all the nations in Western Europe. The Belgians recognize that industrial expansion is a critical factor in their country's economic growth, and that foreign investment is a vital element in support of such expansion.

Since 1961, Belgium has been the target of approximately 3,500 foreign investment projects, of which almost half have been American. U.S. firms' operations in the country fall, with rough equality, into three categories—manufacturing, European headquarters and sales.

One major reason that foreign investment in Belgium has amounted to billions of dollars in recent years is that the country has enacted aggressive economic expansion legislation.

These laws have enabled the government to grant aid to both domestic and foreign investors. Incentives have taken the form of interest rebates, capital grants, government guarantees for new investment financing, exemption from real estate taxes, accelerated depreciation allowances, and employment premiums for small and medium-size firms.

There also is a wide variety of other concessions to investors: exemption from provincial and communal taxes on manpower employed; special tax benefits for foreigners temporarily living in Belgium; unlimited

carry-forward tax allowances for losses incurred during the first five accounting years of operations in the country; and aid in the selection, training and rehousing of recruited personnel.

The investment climate is attractive for a variety of reasons.

The country's geographic location is at the heart of one of the world's most densely populated areas and the heaviest industrial concentration in Europe—most major European business centers are no more than two hours' flight time away. Brussels, the capital, is the seat of the European Common Market and is Europe's second ranking city (after London) in terms of major multinational firms' European headquarters.

There is an abundance of office space and housing in Brussels, and a highly skilled work force is available, both in Brussels and throughout the country, for industrial and clerical jobs. Productivity in Belgium equals or surpasses that of West Germany.

The financial environment provides a conducive investment setting, too. The country has a well-developed banking system—80 institutions, of which 20 are totally foreign-owned or have a substantial proportion of foreign shareholders. The latter banks provide access to their networks abroad, a fact which greatly facilitates doing multinational business.

Banks in Belgium provide short-term credit facilities for such purposes as overdrafts, advances in domestic or Eurocurrencies, and the discounting of commercial paper. They also offer medium-term credits and investment credits, as well as financing for the export of capital goods where payment extends beyond one year.

Semipublic credit organizations supplement bank services by directly extending credit or rediscounting existing bank credits. And, finally, a firm can go to the capital market with a bond or new share issue.

Foreign exchange controls in Belgium? Again, one finds a very attractive environment—a well-organized and functioning system provides complete freedom of capital investment. Belgium has two foreign exchange markets—one regulated, one free. The former deals with exchange

arising from commercial transactions, the latter with financial dealings. In the regulated, or official, market, the National Bank intervenes to keep rates within limits established by the European Monetary Agreement, while the free market fluctuates on the basis of supply and demand. (Actually, the free rate tends to follow the commercial rate closely.)

The Belgian economic climate holds less appealing features for business, too. As in other countries, credit is tight. The Belgian government relies on monetary policies to fight inflation, which in Belgium has been averaging 15 to 16 per cent annually—more than in neighboring Holland and West Germany, but about the same as in the country's third neighbor, France.

Since wages and salaries in Belgium are indexed, inflation's full impact is always felt in the cost of a business operation. There is some concern that if this situation becomes permanent, it could have an unfavorable influence on Belgian industry's competitiveness in world markets. However, this indexing has at least created a relatively stable and peaceful labor climate, since workers know their income will keep pace with inflation.

There has also been a recent rise in the corporate tax to 48 per cent, as well as a change in individual taxation that imposes the full Belgian tax burden on foreigners who have been living in the country five years or longer. Previously, they had enjoyed special deductions indefinitely.

Of special concern to some businesses is a recent trend in government policies to favor nonpolluting industries with high technology and heavy use of labor. Incentives have been increasingly geared to investments which follow this pattern.

In the final analysis, however, the negative or problematic aspects of doing business in Belgium are probably less inhibiting than those found in other European countries.

Belgium still understands that its national interests are furthered by a dynamic economy in which the atmosphere is actively receptive to foreign investment. The Belgians are likely to do all they can to preserve such an atmosphere.

Prepared in cooperation with the American Chamber of Commerce in Belgium.

7 reasons why you should at least consider putting part of your money into precious metals

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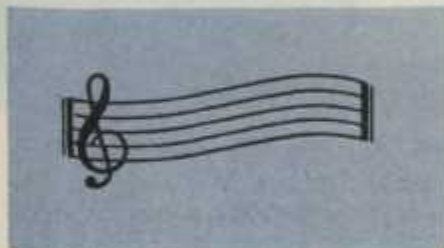
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Why Some Companies Watch Your Language

Widespread public recognition and use of a trademarked product name can be a good thing that gets out of hand, as witness what has happened to escalator, thermos, yo-yo, trampoline, aspirin and cellophane.

So it is that the Xerox Corp. today is constantly campaigning to inform the public that "Xerox" is a trademark and not a synonym for "photocopy." It stresses that the name must

always be capitalized. Many companies over the years have similarly been forced to plead, "Please don't take our name in vain."

Some 400,000 valid trademarks are currently on file with the U.S. Patent and Trademark Office. Approximately 600,000 others have lost their validity over the years since trademark registration began in 1870, because companies have gone out of business, dropped products, or simply abandoned efforts to enforce their claims to exclusive use of the names.

The one millionth trademark was registered last December—a simple G clef and staff design familiar to music lovers. It identifies "Sweet 'n Low," a sugar substitute packaged and marketed by Cumberland Packing Corp., of Brooklyn, N.Y.

"Trademarks frequently have been described as a company's most important and most valuable asset," says Commissioner of Patents C. Marshall Dann. "Many businesses

would fail, or could survive only through a long and expensive process of creating a new identifier for their product, if they were prevented from using the marks they have used for many years. Marks serve as an indispensable advertising tool for their owners."

Federal registration of a trademark is probably the least expensive and most adequate type of insurance available to the business community. It costs just \$2.25 a year to retain a trademark's validity. Not only does this protect the individual trademark but it assures purchasers that they will always get the desired product, not an imitation.

Trademarks help make the manufacturer accountable in the marketplace, Mr. Dann says. He adds:

"The consumer confidence which a trademark imparts in the case of a good product or service can contribute substantially to the development of a stable and orderly economy."●

This S&L's Depositors Can Save in Many Ways

Some depositors get more than interest on their money when they become customers of New York's Franklin Society Federal Savings and Loan Association.

They get bargain travel arrangements, free notary public services, and discounts on everything from eyeglasses to automobiles.

The Inner Circle program, as it is called, is offered to anyone who deposits \$5,000 and maintains a balance of at least that amount, or who deposits \$2,500 and agrees to deposit \$100 per month until the balance reaches \$5,000. Corporate memberships, with up to four members, come with deposits of \$20,000 and over.

Such promotion programs are common in the highly competitive S&L

industry, but, says Franklin Society President John Dwyer, "the Inner Circle offers the largest variety of incentives to our regular and potential customers that has ever been offered by any financial institution. Never before has anything quite as comprehensive been offered in one program."

Inner Circle membership offers benefits in four main areas: travel discounts, financial services, reduced insurance costs and discount buying services.

A member can buy an auto, for example, for \$100 over dealer's cost. Comparable savings apply on numerous items of major merchandise ranging from furniture to furs and jewelry.

The Franklin Society, barred by state and federal regulation from providing checking services, has arranged for Inner Circle members to have free checking privileges at two

large New York commercial banks.

"That has been the most popular feature of the program so far," says Jack Blanchard, marketing director for the association. "And the cut-rate travel package is a close second."

Three months after Inner Circle started, it had 5,500 members. About 80 per cent of these already were depositors who qualified for membership.

"We've done very well in attracting new savings and retaining the ones we had," Mr. Blanchard explains. "We compared the withdrawal of funds in other New York S&Ls and found our withdrawal rate well below the average."

"But the real test will come in the last half of 1975, if predictions of a return to higher interest rates are accurate, and depositors start taking out their savings."●

continued on next page

Corporate Support for a Needy Sport

Last year, the annual Intercollegiate Invitational Team Championship was canceled because of lack of funds.

This year, the tournament, sponsored by the National Collegiate Athletic Association, was held at the University of Wisconsin, thanks to a \$15,000 grant from the Spalding division of Questor Corp.

Tennis competition, unlike some college athletic activities, rarely produces enough income to support itself. It and other non-income-producing sports are relying more and more on corporate financing to stay alive.

"Collegiate sports lose their perspective when winning becomes an obsession among schools fighting for alumni dollars," says Denny Schackter, men's tennis coach at the University of Wisconsin. "Alumni donations depend a lot upon a winning season, so without corporate support there's a lot of pressure on the players and coaches to win at all costs."

"Spalding's grant helps eliminate much of this pressure. It also helps collegiate tennis survive at a time when non-income-producing athletic

Spalding's Frank Legacki with Rosie Casals and Marty Riessen, runners-up in the Mixed Doubles Championship tourney in Dallas.



budgets are jeopardized on college campuses everywhere."

Stan Drobac, tennis coach at Michigan State who served as codirector of the intercollegiate tournament with Mr. Schackter, says many teams participating in this year's meeting could not have done so without financial help.

"The only way many of them could afford to come was if we guaranteed their round-trip air fare," he explains.

Says Frank Legacki, Spalding's business manager for tennis:

"We realize the financial problems facing collegiate tennis budgets nationwide. By defraying some of the costs involved in a tournament, we hope to help the sport become more popular, and eventually self-sufficient."

While pitching in for collegiate ten-

nis, Spalding has also helped professional tennis. In January, it contributed a \$40,000 purse for which 16 of the world's top professionals competed in the International Mixed Doubles Championship in Dallas. The tournament raised enough money to cover the annual operating costs for Southern Methodist University's tennis program.

"Without some sort of outside financial help, the tournament simply would not have been possible," says John Gardner, SMU men's tennis coach.

"Collegiate tennis has a long uphill battle before it even approaches the popularity and financial stability of professional tennis. Meanwhile, corporate funding is a lifesaver for collegiate tennis, an invaluable help to young players." ●

The Freedom Train: What Made It Run

Because of a 37-year-old commodity broker with a passion for railroad-ing—and the generosity of four big companies—an estimated 50 million Americans will enjoy one of the most exciting projects of the Bicentennial.

In 1966, Ross Rowland, of New York, formed the High Iron Co., Inc., to restore and operate a mainline steam locomotive. High Iron ran a variety of public excursions, including the "Golden Spike Centennial Limited," which marked the 100th anniversary of the linking of the United States by rail. It carried railroad buffs from the East to Promontory Point, Utah, where the final spike was driven.

This gave Mr. Rowland the idea for a Bicentennial Freedom Train. He

ran into one roadblock after another and was about to give up when he mentioned the project to Donald Kendall, chairman of PepsiCo, Inc. Mr. Kendall was interested and talked to some of his business associates.

The result: PepsiCo, General Motors, Prudential Insurance and Kraft Foods each put up \$1 million to finance the Freedom Train.

"In making our grant to initiate this project, we recognize that no single display or exhibit can capture all that is America," a joint statement said. "Our best hope is that the American Freedom Train will stimulate both pride and celebration."

This month, the Freedom Train—a giant steam engine and 22 cars, 12 of them displaying some of the nation's most treasured documents and artifacts—begins a 17,000-mile trek that will carry it to all 48 contiguous states over the next 21 months.

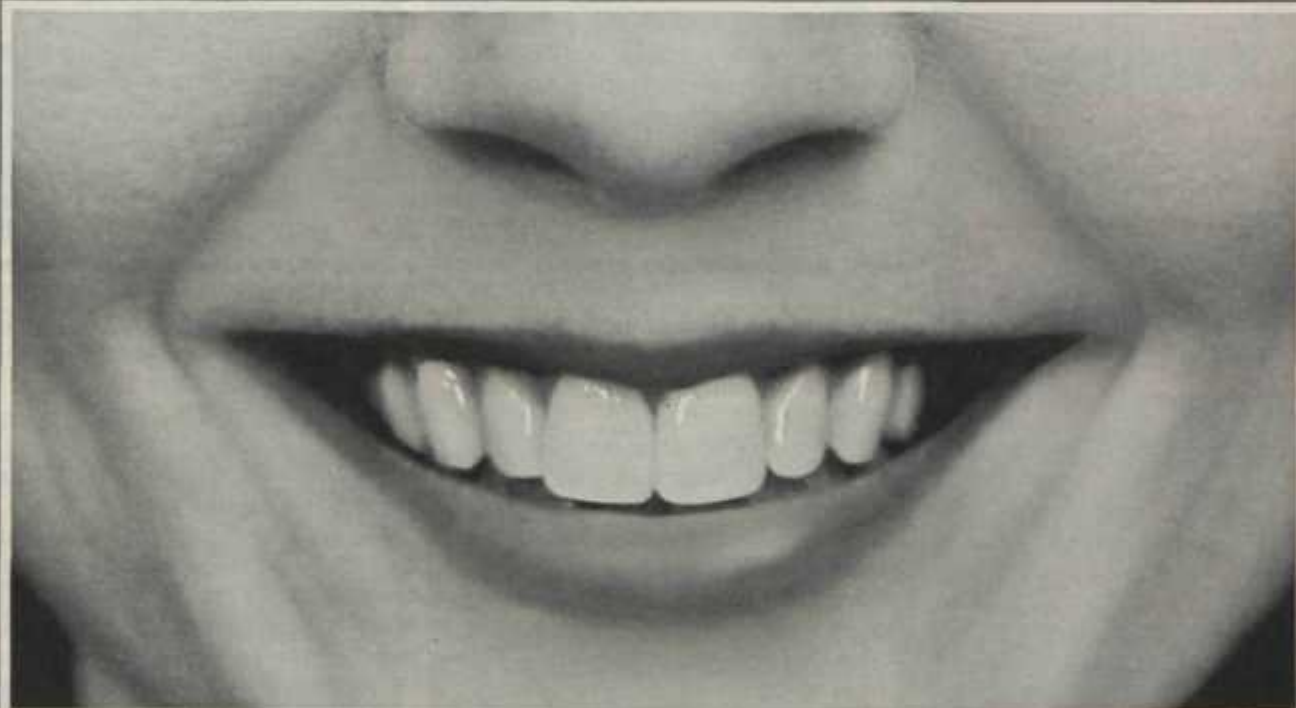
A moving walkway on the train will enable 1,800 visitors an hour to view historic exhibits aboard the display cars. The Freedom Train has 76 cities on its schedule, placing it within an hour's drive for 90 per cent of the country's population.

The 400-ton locomotive, a former Southern Pacific engine, was donated by the city of Portland, Oregon.

Among the exhibits are George Washington's copy of the Constitution; the first Bible printed in the United States; Revolutionary War rifles and muskets; baseball bats of Ty Cobb, Lou Gehrig, Joe DiMaggio and Ted Williams; moon rocks; and the Louisiana Purchase Agreement.

In dedication ceremonies, President Ford said: "This exhibit touches virtually every phase of the American experience. It will be a fitting symbol for what the Bicentennial really represents." ●

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WHAT READERS WANT TO KNOW

I know that my own state and local taxes are constantly going up. What's the story for the whole country?

Over the past 20 years, state-local tax burdens rose from 7.6 per cent to 12.1 per cent of total personal income. The lowest state-local tax burdens are concentrated in the South-east and Southwest; the highest in the Mid-Atlantic states and New England. Over the past two decades, states registering above-average increases in taxes were concentrated in the New England, Mid-Atlantic and Great Lakes regions while below-average hikes occurred in the South-east and Great Plains regions.

Is it true the Democrats in the House of Representatives ducked some real reforms in adopting their so-called reform rules?

In the opinion of some, yes. They refused, for example, to abolish proxy votes in committees—which critics claim encourage back-room deals instead of open deliberation—though they did make them tougher to exercise. They declined fully to open committee meetings to the public as a matter of course. Also, they turned down a recommendation that would totally prohibit the Democratic Caucus from imposing on its members binding instructions on commit-

tee and floor votes. And they have refused so far to allow live radio and television coverage of important House floor proceedings as recommended by the Joint Committee on Congressional Operations.

Are the Interstate highways really the safest?

By a long shot. According to the latest figures available, the Interstate system shows 2.43 fatalities per 100 million vehicle miles of travel. That compares with 4.75 for all other highways. On those sections of the Interstate which course through and around urban areas, the fatality rate is only 1.91, against 3.10 for all other urban roads and streets. The highest Interstate death rate is recorded in rural areas—it's 2.96, compared to 6.67 for other rural highways.

What kind of action record did Congress chalk up last year?

Depends on whom you ask. It did consider 8,694 bills, of which 404 became public law. Twenty-nine of these bills were vetoed—two by former President Nixon and the balance by President Ford—and four of the vetoes were overridden.

Among major actions of the second session of the 93rd Congress were confirmation for the second time of a Vice President under the Twenty-Fifth Amendment, reform of the way Congress deals with the budget, campaign financing and spending changes, and foreign trade legislation.

Are members of Congress penalized in any way for being absent from their jobs?

No. And some have extremely high absenteeism ratings. A Congressman, who called absenteeism "a thorn in the side of Congress," once sought a constitutional amendment under which a member missing 40 per cent of votes would lose his or her seat.

In 1969, then-Sen. Margaret Chase Smith (R-Me.), who had a very high attendance record on the floor, sought, but failed, to get similar legislation through Congress.



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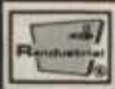
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The World of Industry *continued*

last year. For other government agencies, including the National Aeronautics and Space Administration, Mr. Harr sees a constant dollar decline of 12 per cent. •

Look Ma, No Gear Shifts!

For the countless people who've wanted to ride a multispeed bike,

but are confused by attention-distracting gear shifting, a Provo, Utah firm has the answer—an automatic transmission.

Crosby Industries says it has developed a continually variable transmission which allows a rider to pedal with a constant speed, whether going uphill or down. It shifts automatically to the optimum gear ratio for any given condition.

"It provides the bicycle rider with increased acceleration and top speed greater than that of the average 10-speed bicycle," claims the company.

The transmission has been designed as original equipment but a conversion kit will be marketed for present bike owners who want to switch. The transmission fits on the rear wheel hub, and has no cables, shift levers or derailleur mechanism.

Crosby spokesmen predict the transmission, which will retail for about \$50 initially, but may sell for less with volume production, will revolutionize the American bicycle industry. •



If your plans include the Mid-South, you'll need to read this.

It's probably the most complete and comprehensive booklet ever put together about Memphis and the Mid-South. Inside, you'll find valuable information on practically every facet of what this viable market has to offer you—its growing economy, abundant labor supply and utilities, its educational and medical facilities, plus much more.

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See the Mid-South, where the industrial action is.



Mr. Bill Teuton, P. O. Box 387, Memphis, Tenn. 38147, (901) 523-6540

Will This Worker Want a Union Card?

The National Aeronautics and Space Administration has launched a program to develop a "smart" robot, which could be a manufacturer's answer to worker dissatisfaction.

NASA wants a robot, for use in exploratory work on other planets and their satellites, that could perform tasks without instructions being constantly radioed to it.

The robot's brain would be a miniature computer—one so sophisticated that the robot could make some decisions on its own, enabling it to survive such hazards as cliffs or craters.

It would be equipped with laser range finders as well as a television camera for eyes, thus having a day and night capability to evaluate a scene. It would be able to pick up objects, do some types of analysis and send back findings to its NASA masters.

NASA hopes to have the robot by 1985. A basic premise is that technological progress will continue at its present pace, so that an appropriate computer will be ready for installation by then.

Not unmindful of spin-offs for earthbound applications, NASA engineers see the smart robots being put to work at such sticky tasks as fire fighting, mining deep sea bottoms and entering radioactive areas.

Another use would be to perform monotonous factory jobs that workers shun—a field in which less-sophisticated industrial robots already are used. •

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Now, there's a great new space-age product called the Corvus CheckMaster designed specifically to keep you in perfect balance, for every check you write, every day of the year. And it's actually easier to use than a calculator.

HERE'S HOW IT WORKS

Open your checkbook holder and turn on the built-in computer. Press the "Balance" key, and your bank balance is recalled on the display. The CheckMaster memory is so powerful that it never forgets your balance—even months after you last recall it.

Enter the amount of your check, and press the "Check" key. The check amount is automatically deducted from your balance, and your new balance is displayed—and all with just one key stroke.

Or enter the amount of a deposit, and press the "Deposit" key. Your deposit is automatically added to your balance, and again, your new balance is displayed.

MANY EXTRA FEATURES

The Corvus CheckMaster does so much, so easily, and it's great fun to use. Here are seven reasons why:

1. **Easily corrects mistakes** If you enter the wrong digits, press the "Clear" key. Only your mistake will be cleared—never the balance.

2. **Worry-free decimal** Just enter the digits. The unit's dollar-position decimal always keeps the decimal point where it belongs.



3. **Low battery signal** The unit's penlight batteries will last one year with average use. A low battery signal on the display will indicate when it's time to replace them.

4. **Overdraft alert** CheckMaster will signal an overdrawn account plus show the overdraft amount and help you avoid the embarrassment of having a check accidentally bounce.

5. **Safety switch** If you forget to turn off your computer, don't worry. Whenever you close your case, your unit shuts off automatically.

6. **Private viewing angle** Don't worry about anyone seeing your balance. The red display can only be viewed by the user and registers up to \$9,999.99 or any six digits.

7. **Perfect size** The CheckMaster's handsome tan and cream-colored case measures 7 7/8" x 3 5/8" x 6 3/4" and weighs only 8 ounces.



To find out your exact balance, even months after you've last recalled it, simply open your case and press the balance key. CheckMaster's memory never forgets. Designed for both men and women, CheckMaster holds any standard-sized personal checks, check register, credit cards and important papers.

RUGGED AND SHOCKPROOF

Drop it, sit on it, drop it again—CheckMaster's shock-proof case will withstand plenty of abuse. The integrated circuit is hermetically sealed for a lifetime of trouble-free service. A spot of gold is even used in the circuit's final sealing process to insure CheckMaster's very high level of reliability.

CONTROL YOUR PURCHASES

Take CheckMaster with you to the supermarket. Set a dollar limit on what you intend to buy. Then enter each item you purchase as if you were writing a check. When your balance reaches your limit, stop buying and head for the check-out counter. It's a great way to control your budget and prevent overcharging by the check-out clerk.

THE PERFECT GIFT

CheckMaster makes the ideal gift for your wife, husband, friend or anybody who has a personal checking account. Even a person who already owns a calculator will appreciate CheckMaster's value and convenience.

\$39.95 NATIONAL INTRODUCTORY PRICE

The CheckMaster is perfect insurance against bounced checks, overdrafts, arithmetic errors and bank errors. Its powerful memory, simple operation, and many extra features make it another example of how space-age technology has made fun out of one of the most time-consuming household tasks.

MORE THAN GUARANTEED

The Corvus CheckMaster will make such an improvement in helping you balance your checkbook that we make the following unusual money-back guarantee: use the CheckMaster until your next bank statement arrives or for one full month. If the CheckMaster does not balance your checkbook perfectly and actually pay for itself in either convenience or actual savings, return it for a prompt and courteous refund. You can't lose.

A NATIONAL INTRODUCTORY PRICE

The American-made CheckMaster is manufactured by Corvus, a wholly-owned subsidiary of Mostek Corporation and a leading consumer electronics manufacturer. Mostek was the first company to manufacture the integrated circuit—the heart of today's pocket calculator. JS&A is the world's largest single source of electronic calculators, digital watches and other space-age products. We have purchased the entire initial CheckMaster production to sell exclusively through the mail for only \$39.95 during its national introduction.

HOW TO ORDER

Credit card buyers may order by calling our national toll-free number or any of the local numbers listed below. Or you may send your check or money order for \$42.45 per unit (\$39.95 plus \$2.50 postage, insurance and handling—Illinois residents add 5% sales tax) to the address shown below. But act quickly! See for yourself how easy it is to keep your checkbook in perfect balance every day of the year. Order your CheckMaster at no obligation today.

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How to Keep the Young Tigers on Your Management Team

After the new recruits from college campuses come onto your payroll, you can use 'em or lose 'em. Here's how to benefit from the best they have to offer

One day 20 years ago, a white-haired vice president of a Chicago corporation was addressing the cream of his company's crop of young management recruits, business majors and M.B.A.'s fresh from the campuses, when one asked a double-barreled question.

How, he wanted to know, would junior management relate to top management? How would younger men and women share the problems and opportunities being considered at the top?

"Just do your job and do it well," barked the vice president. "We'll take care of the rest."

In the months and years that followed, to the company's dismay, one promising young executive after another departed for opportunities elsewhere.

The vice president apparently never knew that it was his answer that day—and its confirmation as company policy in the firm's treatment of the young managers later—that led to the exodus.

His company had mounted a sizable recruiting campaign, had gone to extraordinary lengths to find top students, had sent its employees—usually alumni—to the richest hunting grounds. Then the young men and women were told, in effect, to mind their own business, stick to their lasts, occupy their niches—and never mind the big picture, the broader concerns of the company.

A large proportion of these hopefuls who had worked and studied for the chance to manage were turned off. And they turned away.



For most companies today, the time when young managers would be treated that way is past. It's widely recognized that salary and extra benefits are not the sole way to recruit and retain management.

Success attracts

One of America's fastest-growing companies is Marriott Corp., a \$640-million-sales organization with restaurant, hotel and world-wide in-flight catering operations. Board Chairman J. Willard Marriott Sr. and President J. Willard Marriott Jr. feel that a corporation needs to demonstrate success to attract young men and women.

"Reputation is our biggest drawing card," says Bill



Give them a hearing



Turned off, they turn away

Marriott Jr. "The smart applicants put a real premium on how you're regarded in your industry. They also go for companies with solid year-after-year growth. These are long suits for us."

Marriott Corp. management also believes in individual freedom, a professional environment commensurate with an individual's maturity and sense of responsibility.

"Management style is important," says President Marriott. "Around here we help managers set their own objectives, and hold them accountable at review time. But in between, they have great flexibility. People like freedom. They like the opportunity to perform in their own fashion. So we set up the chemistry that

gives managers plenty of latitude. That encourages them to make their own unique contributions to our growth."

Does it work? "The net effect," beams Bill Marriott, "is a charged-up, turned-on bunch of managers."

If Marriott Corp. is right about young men and women wanting freedom and responsibility, then Procter & Gamble Co. qualifies in spades as a handler of fledgling executive talent. For years, P&G's management has made selling soap—and a host of other things—interesting, challenging and personally rewarding, a neat trick in a business community offering such exciting pursuits as high-energy physics, and space engineering.

More than money

J.M. Ewell, a P&G vice president whose responsibilities include overall recruitment and training, has never maintained that his company's management policies are 99 and 44/100 per cent successful, but he feels it is asking the right questions:

"What's on the minds of today's young people coming into business management? What do they look for in a job? In a company?"

Mr. Ewell maintains that junior management looks for early, if not immediate, responsibility—and that it wants risk as well.

Further, he feels managers want a voice in decision-making. "So strong is this requirement," he says, "that some observers see it, not money, as the real basis for young managers' desire for early responsibility."

Treatment as an individual, Mr. Ewell maintains, is a cardinal need for persons joining a corporation—a chance to get away from the computer-number identification sometimes prevalent on campus, the federal bureaucracy or the sprawling corporation.

The P&G approach, he says, includes the premise that "young managers want to be able to express their feelings freely." He adds:

"A department or division manager who makes a talk to all the managers in his group should go into any subsequent question-and-answer session with wide-open eyes and a pretty thick skin. Not only are the questions now likely to be much more penetrating than in the past, but he is also likely to find that his 'good answer' of a few years ago may now not prompt the nodding of heads which once made him feel so articulate."

Also, Mr. Ewell offers this suggestion for encouraging youthful responsibility: "We try to start young managers in meaningful assignments—to have them, in their second day on the job, doing something that counts, and to have them making decisions that affect their part of the business by the second week on the job."

If P&G's Mr. Ewell is on to something good, Deere & Co.'s Chairman William A. Hewitt goes him one better.

"We test college graduates who come with us the day they begin," Mr. Hewitt says. "We think grads learn best by doing necessary work, so there is a mini-

THE POWER OF THE POSITIVE

Old stories never die—nor do they fade away.

Remember the "hot-dog stand story" about the man whose son convinced him that business was bad?

The father took the advice of his "educated" son and cut back—and sure enough, business did get bad.

Tell someone they look sick often enough and they will be.

Bad-mouth everything—and everything will get bad.

This nation has become great because it has had the capacity to overcome adversity. A problem is really an opportunity to take positive action.

To do that, it takes positive thinking. It takes being an optimist.

You'll find at your chamber of commerce that there are people taking a positive approach—and with optimism.

Join 'em. Progress shall not fade away.

Pete Progress

speaking for your chamber of commerce.

How to Keep the Young Tigers *continued*

mum of wheel spinning during their learning period."

Mr. Hewitt's policies have helped make Deere one of the world's leading agricultural equipment companies—augmented, to be sure, by the vigor of the Midwest, where the work ethic is alive and well. "We get good people," says Mr. Hewitt, "chiefly because they want to work hard and usefully." Then he pauses and smiles. "And we do our best to oblige."

While P&G and Deere punch out Tide and tractors, Giant Food, Inc., of Washington, D.C., fights to become one of the nation's foremost merchandisers. Joseph B. Danzansky, president and chief executive officer, attributes much of Giant's success to the ability of its younger management.

"The retail industry has traditionally attracted young people due to its diversity: store operations, data processing, advertising, communications, consumer affairs, personnel or accounting," he says, but Giant has been particularly successful at getting good recruits. The reason? "We have always been an innovator, not a follower."

Mr. Danzansky adds: "Young people today are attracted to the type of company that experiments and provides opportunities to exercise management freedom. We give them meaningful positions and responsibilities they can successfully manage."

Better talkers

He takes a personal interest in seeing that his associates get ahead. One of his methods is encouraging employees to enroll in Toastmasters International, a kind of Dale Carnegie course for aspiring speech-makers. Mr. Danzansky concedes that young men can't talk their way to the top, but he emphasizes that every Giant manager should be able to communicate.

Taken together, veteran business executives seem agreed on these trends in developing managers:

- Following the leader is out; freedom to innovate at a junior level gives young management the chance to prove itself and to learn.
- Ideas need to go up as well as down. The junior manager wants to be accepted upstairs. Top-level staff meetings, management seminars, purposeful job rotation and frequent communication with the company's clients and business associates are essential.

Thoughtful, sometimes individualistic, younger managers are taking a fresh look at old ways of doing things. When a top company asked its junior managers to name the 10 greatest problems facing the corporation in the '70s, one answered in a few words:

"The first and most important problem is finding the right men and women. They, in turn, will solve the next nine problems, whatever they may be."

—WILLIAMSON DAY

REPRINTS of "How to Keep the Young Tigers on Your Management Team" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20062. Price: One to 49 copies, 50 cents each; 50 to 99, 40 cents each; 100 to 999, 30 cents each; 1,000 or more, 20 cents each. Please enclose remittance with order.

A BICENTENNIAL SALUTE TO AMERICAN CITIES:

RICHMOND





RICHMOND:

Footprints of the past in the march of progress

"It's a mighty good thing that the Prince of Wales was born in Richmond, England," Will Rogers once said, "because his ancestors sure weren't good enough for Richmond, Virginia."

Ah, Richmond—where Patrick Henry shouted "Give me liberty, or give me death"; meeting place of the Virginia legislature, America's oldest representative assembly; capital of the Confederacy; War Between the States battleground; home at one time or another to Thomas Jefferson, John Marshall and diverse other American Presidents and Supreme Court Justices, as well as such notables as Jefferson Davis, Edgar Allen Poe and Robert E. Lee.

For 100 years, Richmond was the Southern shrine of shrines, with its bricked Monument Avenue, that grand chaussée with its great equestrian statues of Lee, who lost the war and thus sadly faces south, and Stonewall Jackson and Jeb Stuart, who were killed in battle and thus face north as though still boldly pressing the Union enemy. Here,

Confederate Memorial Day once ranked with Christmas and Thanksgiving, and the Fourth of July was fourth best.

Time changes all things, and so it is in Richmond where visitors can now watch Civil War cannonading and infantry charges, hear rebel yells, see Yankee swords flash and smell the smoke of battle—all in fun. The site of mock war is Ft. Harrison, a battle site of the 1860s. And, what really makes it fun is, you can pick the winner of the battle you see. If you and your group of visitors are from, say, Boston, you will want the Boys in Blue to win. If you're from, say, Jackson, Miss., you can have the Boys in Gray sweep the Yankees from the field.

That's broad-mindedness. That's the new Richmond.

Today, Richmond is a bustling place, prosperous, pleasant and up-to-date. But there are footprints of the past, traces of the old Richmond—one being the attitude of the three "The's." To many a Richmonder, "the" university is the University of

Virginia, at Charlottesville, 70 miles to the northwest; "the" beach is Virginia Beach, 100 miles to the southeast; and "the" club is the Country Club of Virginia, just outside town.

Another historic echo that gives tone to the present and future is found in the municipal credit rating Richmond has in that monied metropolis to the north, New York. Richmond has a top rating among cities in the quarter-to-half-million-population class. The ranking is traditional.

During the Civil War, Richmonders were so careful to guard the city's good name that they slipped agents through Union lines to New York carrying gold to pay instalments on city debts.

Richmonders, reaching for a new city identity these days, sometimes say Richmond is the top of the South and the bottom of the North.

That's going too far, for Richmond is still Southern. Not the corn-pone kind, but solid, substantial Southern. And not insular Southern.

Southerner from the North

Few Richmonders are more Southern than Warren M. Pace, who came to Richmond from New Jersey in 1939. Only a world war could get him out, and that was temporary. Mr. Pace is president of the Richmond Corp., a major national financial holding company that's one of the most prosperous of its type.

From Warren Pace's window the view across Capitol Square—which Mr. Jefferson called "as handsomely built as any in Europe"—takes in 200 years of history. The centerpiece is the Capitol itself, designed by Mr. Jefferson himself. It's a copy of, and improvement upon, the Maison Carrée at Nîmes, France. In the foreground is a high, giant statue of George Washington surrounded by notables of the period the nation's

PHOTOGRAPHS BY YOICHI OKAMOTO

A cherished Virginia possession is the Houdon statue of George Washington which stands in the State Capitol in Richmond. There's a story that the federal government wanted to borrow the work for the Bicentennial, and that Virginia said, in effect: "Fine, but you'll have to lend Richmond the Washington Monument in return." Grouped clockwise in front of the statue are Mrs. Eleanor Sheppard, former mayor and now a delegate to the General Assembly; Charles Hall, president, Metropolitan Chamber of Commerce; Dr. Allix James, president, Virginia Union University; Richard Wiltshire, president, Home Beneficial Life Insurance Co.; Virginius Dabney, former editor, Richmond Times-Dispatch; Thomas Boushall, retired chairman, Bank of Virginia; and Stuart Shumate, president, Richmond, Fredericksburg and Potomac Railroad and chairman, Metropolitan Chamber of Commerce.

PREVIOUS PAGE: Youngsters in Civil War Uniforms take a Matthew Brady-type pose on a bluff from which the great photographer took pictures of a burning Richmond 110 years ago. These "Rebs" and "Yanks" stage mock cannonading and infantry charges, with tourists allowed to pick the winners.

This is the first in a series of Bicentennial messages presented by Richmond Corporation.

IF PATRICK HENRY WERE ALIVE TODAY

BY BARRY GOLDWATER

If Patrick Henry were alive today and able to make his voice heard above the babel of the '70s, he'd have an earful to tell the American people. And I doubt if they would forget any sooner than they have forgotten his stirring plea at the birth of our nation—*"I know not what course others may take; but as for me, ... give me liberty or give me death."*

I think it would go something like this:

"When I addressed you on that memorable occasion over 200 years ago, I was warning you against becoming forever slaves to European tyranny. The enemy then was George III of England who wanted to squeeze his American colonies dry of their money, their possessions, and their human dignity. They were emotional times which demanded the ultimate sacrifice from patriots who felt strongly about freedom.

"Of course, by the time our Constitution was written, things had quieted down. Thomas Jefferson and his cohorts had devised the first blueprint for a government of, by, and for the people ever written. The United States

was to be equipped with a system of checks and balances governing the Executive, Legislative, and Judicial branches in a way that would forever protect the U.S. from the dangers of tyranny, dictatorship, and totalitarianism.



"What none of us ever imagined was the concentration of enormous government power in the hands of a bureaucracy built ostensibly to alleviate human suffering and better the lot of the poor, the crippled, and the disadvantaged. Nor did we consider the possibility of an age of permissiveness during which people boldly decided for themselves what laws were 'moral enough' for them to obey. Nor did we allow for a period in which our business system and our Defense Establishment were 'fair game' for the power brokers in Congress and other critics who needed a scapegoat upon which to blame the nation's ills.

"In such an atmosphere, under such conditions, I would speak out for truth and honesty and a freedom based on ordered justice and in which all laws, good and bad, were obeyed. My message would be easily condensed into:

"Give me Freedom, But Never Anarchy."

Barry Goldwater

The kind of thinking that made America strong, will keep America strong.

This is one in a series of messages designed to highlight the qualities that give strength to our country's past, present, and future, through contemporary interpretations of the views of great Americans.

We at Richmond Corporation are pleased that Senator Barry Goldwater agreed to participate in the series. Like Patrick Henry, he is vitally concerned with the cause of liberty and the strength of the American nation.

On March 23, 1775, when Patrick Henry delivered his famous "Give me liberty or give me death" speech at St. John's Church in Richmond, Virginia, America was in turmoil.

But the times and events themselves seemed to combine to produce the kind of thought and action required to overcome the problems.

At Richmond Corporation we are confident that whenever America and Americans face hardship and crisis, this heritage of thought and action will come to the fore. The adversity and our responsiveness to it ultimately will make us a stronger nation.

Richmond Corporation, with consolidated assets of more than \$1.3 billion, is a financial services organization with affiliates in life, health, casualty and title insurance; real estate development; sales and management; general insurance marketing; premium financing; mutual fund sales and management; and computer software and facilities management. Write for our annual report.

BIG ON AMERICA, BIG IN AMERICA.

RICHMOND CORPORATION

914 Capitol St., Richmond, Virginia 23219

Senator Goldwater's participation does not constitute an endorsement of Richmond Corporation or its affiliates.

forthcoming Bicentennial will celebrate.

"Richmond is still the home of 12 or so 'old families,'" Mr. Pace says in an accent that falls between the broad A's of Virginia and the clipped language of New Jersey. "These families are wealthy, influential, gracious and have very talented members. There are also in Richmond equally good people from the West, South, North. This is a good mix. The city has grown, but not too fast to lose its charm and individuality. Not all cities have managed this."

Kenneth A. Randall, from Utah, is an ex-chairman of the Federal Deposit Insurance Corp. who for three years has been president of \$2.5-billion-assets United Virginia Bankshares, largest bank holding company in the state. "There's a kind of diffusion of power groups within the city and this enables Richmond to maintain a reasonable balance in its approach to government," Mr. Randall says. He feels comfortable in Richmond because of "a common concern about the building of a tax base" by the business and nonbusiness communities.

Civic concern, in the opinion of many, has helped to make Richmond a good place for its large Negro population to live and work in. But the opinion is not unanimous. A black attorney, JeRoyd Greene, calls Richmond a "disaster area" for black employment in government and private business. He says "less than 1 per cent" of city civil servants earning \$15,000 or more a year are black; "no black police officer or fireman" is ranked above lieutenant; there is "no new thinking" on behalf of, or by, blacks—who are "lethargic."

Other Richmonders say Mr. Greene is entitled to his opinion. Then they try to refute him with this information:

- Thirty years ago, Oliver Hill, black civil rights attorney, was elected (with thousands of white votes) to the City Council, thereby becoming a Johnny Appleseed sowing seeds of black political progress.
- Henry Marsh, black attorney, is the elected vice mayor.
- E. Douglas Wilder, black, is a state senator from Richmond.
- Dr. William Ferguson Reid, black

physician, served three recent terms in the House of Delegates from a Richmond constituency.

- T. Leonard Ventner, black, is assistant vice president of a largely white bank.
- James Sheffield and Willard Douglas, blacks, are Circuit and District Court judges.
- Dr. Allix Bledsoe James, black minister who is president of the largely black Virginia Union University, is also a member of the State Board of Education; a past chairman of the City Planning Commission; a director of the Metropolitan Chamber of Commerce; a director of Virginia Electric and Power Co., the state's largest utility; a member of the Downtown Economic Development Commission.

"We have the makings of a great city," Dr. James says in a rich, full voice. "We have a core business community, an education community, a cultural side that is getting more interesting and a new downtown commission creating new businesses."

Renewing the old

Richmond is indeed rejuvenating its old downtown area just as other cities have done. Nine new privately financed "skyscrapers"—meaning 20 or more stories in Richmond—seem to climb from the banks of the historic James River. The 25-year-old Central Richmond Association, a business group, helped give impetus to the construction.

A \$200-million downtown expressway, that's still abuilding, snakes through the area and there's a handsome \$25-million coliseum as well as a new City Hall.

Marcellus Wright Jr., CRA chairman, says his group got into the development picture as an outflow of state, federal and private offices got under way. New zoning laws helped to anchor the downtown area and to continue it as a home for such fine stores as Miller & Rhoads and Thalhimer's—a good home, since annual per capita income is \$5,100 in Richmond, \$200 over the national urban average.

Richmond has been a banking and financial center for the top of the South since Civil War fires which ravaged the city died down. A Fed-

eral Reserve Bank is in the city along with a collection of billion-dollar financial institutions with state-wide branch networks. Virginia is a branch-bank paradise and its capital is the home of insurance companies including Life of Virginia, part of the Richmond Corp. and one of the South's largest.

Mr. Wright sees "the great banking complexes headquartered in Richmond as providing a tremendous number of young people moving up the corporate ladder and exploding into leadership."

Right he is, too, for several bank presidents are under 50.

Up with smoke?

Key activities in Richmond, in addition to its finance and retailing, include government, tourism, education, printing, pharmaceuticals, various other light industries—and tobacco.

One fifth of the cigarettes Americans smoke are made by 10,300 Rich-

monders and the importance of tobacco to the city is undiminished. New York-headquartered Philip Morris recently showed its faith in the future of its product and Richmond by building a \$200-million cigaret plant—the world's largest.

"When people are idle they smoke more and when they are worried they smoke more," says Thomas C. Boushall, 81, chairman emeritus of the Bank of Virginia and a power in Richmond for 50 years. "As the country goes down, the cigaret industry goes up."

Perhaps this helps keep Richmond in the happy category of low-unemployment cities. The jobless rate is 2 per cent as compared with more than 8 per cent nationally. The city doesn't claim to be depression proof but Richmonders like to recall that during the Great Depression of the 1930s only one Richmond bank failed.

The recent national shake-out of brokers had comparatively little ef-

fect in Richmond. Of the city's dozen-plus local houses, only three were in mergers or failures.

One of the most respected stockbrokers is James Clifton Wheat Jr., chairman of Wheat, First Securities, a Richmond house that underwrites nationally with the best on Wall Street. Mr. Wheat, who is blind, is acknowledged as something of a genius in his field.

Henry Valentine, president of the large brokerage, Davenport & Co. of Virginia, Inc., says his business has held up well, partially because of the good Richmond mix of industrial and commercial activities.

"We aren't overloaded with any one thing," he says. "During World War II we had few of the big defense plants, so when the war ended Richmond wasn't left with high unemployment."

Some other American cities today make a good economic showing despite the current recession, and many point with pride to enlightened, pro-

Richmond's Railroads Reach America.

With four major railroads, Richmond is overnight to 55 percent of America's manufacturing employment. We're also part of Virginia's 4,328 mile railroad network.

Richmond, Fredericksburg and Potomac Railroad and Seaboard Coast Line are proud to serve America from Richmond.



THE FAMILY LINES SYSTEM



RICHMOND
FREDERICKSBURG
AND POTOMAC
RAILROAD

When Richmond's First & Merchants Corporation opened its new F&M Center, the fine art of banking reached a new level in Virginia.

Because never before has F&M been able to put together so much financial clout and banking expertise under one roof.

From the latest in money management services, to our expanded Money Market Center, computerized portfolio analysis, and a full line of corporate trust and

employee benefits programs.

But the fine art of banking takes on another dimension, as well. In the aesthetic environment F&M Center provides:

The expansive bricked and landscaped plaza, the towering James Rosati sculpture at its focal point, the collection of distinctive Norman LaLiberté banners, and hundreds of other original artworks that hang throughout the tower and pavilion buildings.

From the top of the state's tallest building, the future of banking in Virginia never looked better.

First & Merchants Corporation & affiliate banks: First & Merchants National Bank, Mountain Trust Bank in Roanoke, First & Merchants National Bank of Tidewater, The First National Bank of Danville, First & Merchants National Bank of the Peninsula and First & Merchants National Bank of Prince William. Members FDIC.

THE FINE ART OF BANKING IN VIRGINIA.



F&M

FINANCIAL CLOUT IN THE SOUTHEAST.

The only things Ethyl makes besides petroleum chemicals are:

papers for books and magazines, food packaging films, chemicals for detergents, plastic bottles, films for disposable diapers, pollution control equipment, plastic sewer pipe, chemicals for pesticides and herbicides, flame retardants for fabrics, aluminum windows and doors, dry cleaning fluids, extrusions for curtain walls and store fronts, degreasing solvents, automobile grills and trim, boat windows, and alcohols.

In fact, products like these account for 71% of our sales.

Ethyl
Corporation

Richmond is our headquarters. We're proud to be part of its progress and growth. 330 South Fourth Street, Richmond, Virginia 23219.



RICHMOND, VIRGINIA, IS A SMALL TOWN WITH 600,000 PEOPLE,

three universities,
three colleges,
a technical training center,
community colleges,
a symphony, a 12,000-seat
coliseum, professional
basketball, baseball,
and hockey, the South's
largest museum,
19 hospitals, 22 parks,
a Jefferson-designed
Capitol, and a Federal
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All within 500 miles
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RIGHT SIZE? WRITE RICHMOND.

Small-town living with big-city
advantages is just the beginning.
Thinking of expanding or relocating?
Don't make a move till you've
considered Richmond.

For the whole story, write
Charles G. Hall, CCE
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Richmond, Virginia 23219.

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Position

Company

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RICHMOND, VIRGINIA

It's just right.

RICHMOND *continued*

gressive business leadership. But few have philanthropists in the class of E. Claiborne Robins. He and his family gave the University of Richmond \$50 million five years ago—the largest single gift ever made to an American school by a private citizen. The money is transforming the small school, with only 2,800 full-time students, into a noteworthy liberal arts institution.

Mr. Robins is so respected in Richmond that when he made the gift, many Richmonders were quoted as saying, "I'm not surprised." His company is A.H. Robins Co., an international pharmaceutical giant which he developed from his family drug store. Recently, he refunded all the money ever paid by employees into the company pension plan, plus 3 per cent, and told the employees the firm would pick up the pension tab from now on.

Move? Never!

Mr. Robins and Richard S. Reynolds Jr., president of Reynolds Metals Co., another hometown international business figure, are both happy to have their headquarters in Richmond.

Would Mr. Robins consider moving to a bigger city? "Never," he says, and gives these reasons: Richmond is only 100 miles from Washington, whence so much money, regulation and information flow; his workers like the measured pace compared with the frantic ones up North; good weather; plenty of culture, education, sports; presence of the top-class Medical College of Virginia; good vacation spots nearby and excellent relations between business, labor and government.

One weak spot, he says, is that the city's air transportation needs improvement.

Dick Reynolds' family moved their company, which once was headquartered in Louisville, Ky., and then in New York, to Richmond in 1938. "We felt it was no longer necessary to be in New York to function as a national corporation," he says. "We have never regretted the move. We think Richmond is ideal to serve our large customers on the East Coast and I believe our employees feel it is a nice place to live and work in."



Kenneth A. Randall, who comes from Utah originally, is currently in the topmost ranks of Richmond financial managers. He's president of United Virginia Bankshares.

Reynolds and Robins stocks are listed on the New York Exchange, as are stocks from these other Richmond area firms: Richmond Corp.; Ethyl Corp.; Virginia Electric and Power Co.; Seaboard Coast Line Industries; General Medical Corp.; Universal Leaf Tobacco Co.; Robertshaw Controls Co.; Best Products Co. and Overnite Transportation Co.

Richmonders hear often that they have a good place to live. A Metropolitan Chamber of Commerce program of television ads, print ads, bumper stickers, and billboards

works on the theme, "Richmond, you're living good." Occasionally the ads poke good-natured fun at other cities—Philadelphia and Atlanta were recent targets. The Chamber, which has grown threefold in two years, frankly says the program is aimed at helping Richmonders to avoid worry about recession by reminding them they have nothing to worry about.

All economic indicators are positive, except home construction.

A main ingredient in any happy business is good labor relations, and

The all-aluminum, no-deposit, no-waste can.



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Waste of America's aluminum resources. Waste of energy. Waste of any kind. That's why Reynolds is vitally interested in recycling aluminum products. Our far-reaching programs to recycle aluminum beverage cans, starting in 1967, show the extent of our commitment.

In 1973, Reynolds paid Americans about 4.5 million dollars for bringing in used aluminum beverage cans. That was based on 10¢ per pound. Today, we're paying 15¢ per pound for aluminum scrap brought to our recycling centers.

Unlike container taxes or deposits, our program put 4.5 million dollars in *new* money into American pockets and purses.

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We're recycling other forms of aluminum, too. From used Reynolds Wrap® to old utensils, lawn furniture, scrap from industry, etc. Into new aluminum products that cut fuel-energy consumption in automobiles and other transportation equipment. Into building products that save heating and cooling energy.

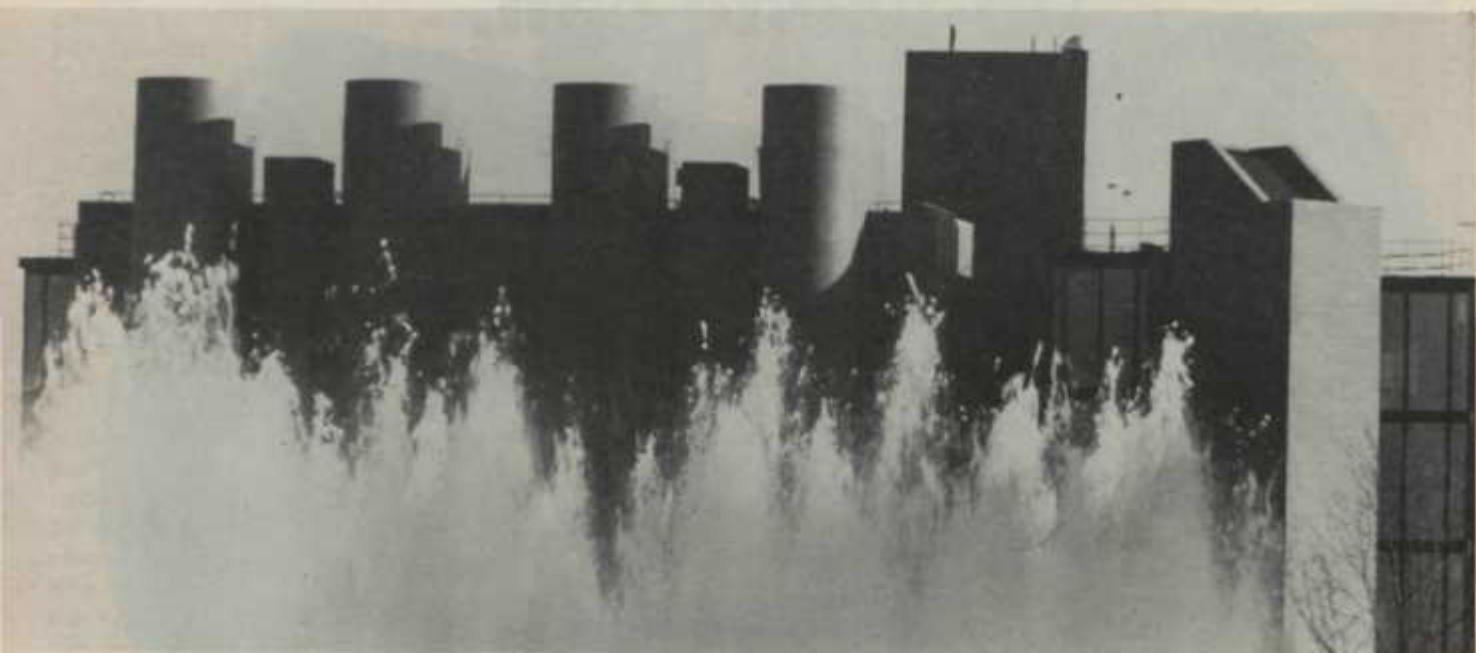
And Reynolds means to do even more. We have programs under way to recover aluminum from solid waste...to literally mine the garbage heaps of the nation.

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REYNOLDS
where new ideas take shape in
ALUMINUM

Conserving our resources and energy.



in this, Richmond is ahead of most cities.

Virginia is one of 19 "right to work" states and there seems little chance of this being changed anytime soon. A bill to remove this safeguard against labor contracts requiring workers to join unions has never been reported out of a House of Delegates committee, and three years ago an "agency shop" bill failed to reach the floor.

"Labor in Richmond and in Virginia has not lain down and played dead," says Brewster Snow, secretary-treasurer of the Virginia State AFL-CIO. "But on the whole, we have good labor-management relations—no fire-eaters are on either side. The hard job here is to get a labor contract at a new business. Once we get the contract, things go along pretty well."

He adds: "Most of Virginia has fared fairly well during this depression, although some parts of the state, other than Richmond, have been hit. In Richmond, the hardest-hit industries are construction and clothing."

The fine and dandy arts

Cultural activities are delights of life which some people can't take, and which others can't leave alone. In Richmond, where the latter is often the case, many of the culture lovers live in "The Fan," a fan-



Phillip Morris beautified the exterior of its new \$200-million plant with fountains, as well as flowers and trees. Parts of the building are appropriately shaped like cigarettes. Inside, billions of cigarettes are turned out by highly skilled and well-paid workers. The plant is technically one of the most advanced of its type in the world. The tradition of the tobacco business in Virginia goes back to the early 1600s.

shaped area of lovely, old homes. The Fan has come a long way—it used to be known as "Scuffletown."

Richmond's Virginia Museum is the cultural heart of the entire state. It was created in 1936, the first state-supported arts institution in the nation. It has some 12,000 subscribing members, runs exhibitions and artmobiles, stages dramas and dances, conducts classes, arranges lectures, and maintains a major reference library. The museum's Lillian Thomas Pratt collection of Fabergé *objets d'art* is

acclaimed the finest in the world.

Mrs. Eleanor P. Sheppard, Richmond mayor from 1962-64, involves herself with culture as well as politics as a member of the House of Delegates. She is particularly fond of the Richmond Symphony Orchestra, which started as an amateur group over 25 years ago and gradually turned professional. Some musicians still have two jobs. One drummer helps earn a living by working in a delicatessen.

A Youth Symphony, several ama-

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Chap Stick® Lip Balm, although born about the turn of the century, "grew up" during World War II when as G.I. issue it was packaged in an olive drab tube in two forms, one for cold climate and the other for the tropics. When the service men came home, they continued to buy the product. Today this "veteran" lip balm is a household word.



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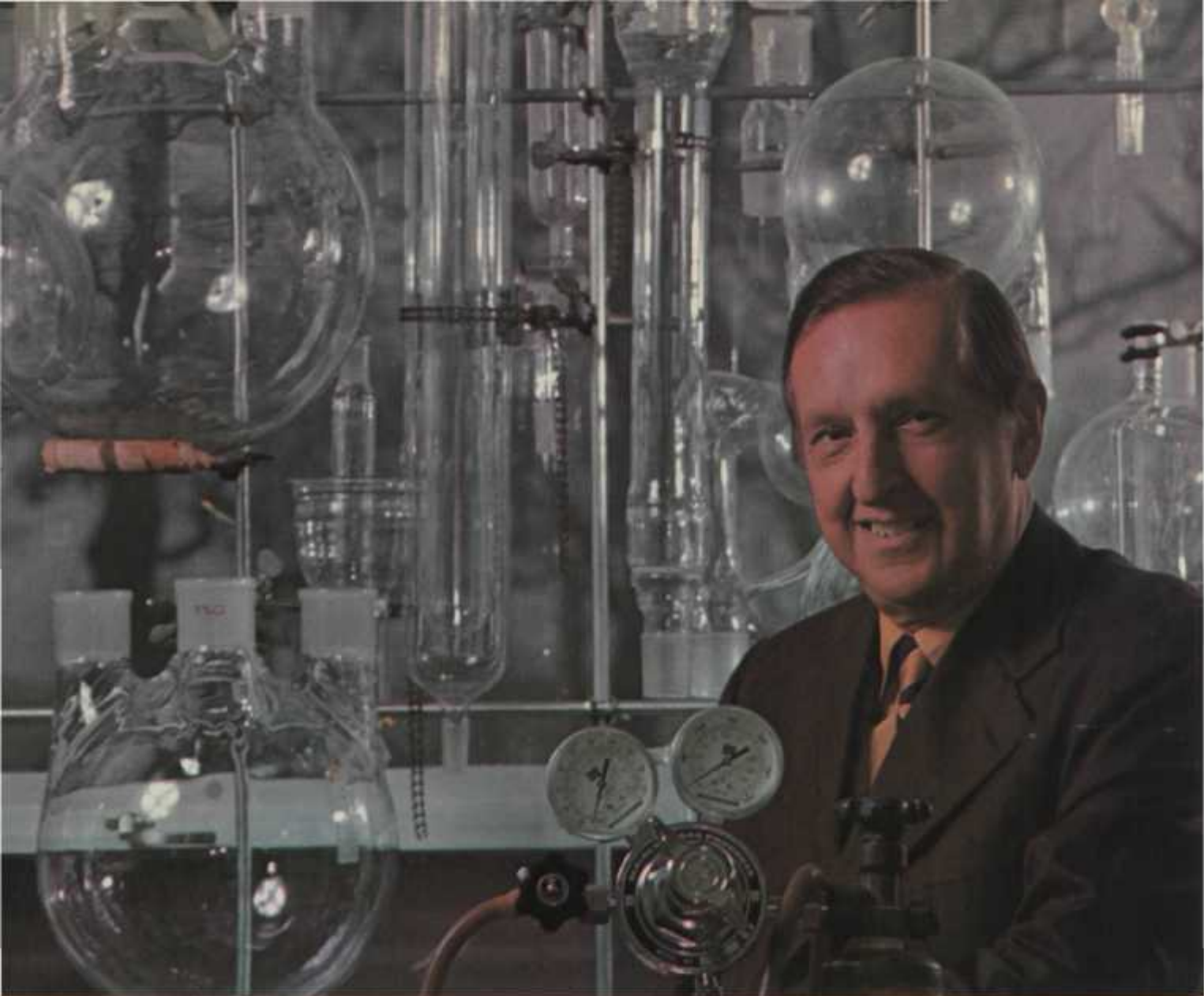


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Two of Richmond's most respected citizens are E. Claiborne Robins (above), chairman of the international pharmaceutical giant, A.H. Robins Co., and Richard S. Reynolds Jr. (below), president, Reynolds Metals Co. Neither would think of living anywhere else.



C. Coleman McGehee, chairman, First & Merchants Corp., avidly collects art and sculptures for his bank in the heart of Richmond's financial district.

teur theaters and frequent dance performances keep the arts lively. Thirty years ago Richmond had only one public library; now, branches are sprinkled all over town.

Exodus and annexation

Richmond suffers from an ailment afflicting many other cities—the fleeing of whites from the city to the suburbs, leaving less-affluent blacks behind and sending property values down.

But Richmond is leading the way in attacking the problem.

Recently, the city annexed a 23-square-mile outlying area holding 47,000 people, most of whom are affluent and white. Now the annexation is before the United States Supreme Court, which is expected to rule within six months on claims that the annexation was nothing more than a plan to dilute the black vote inside the city.

Explains Virginius Dabney, author and retired editor of the *Richmond Times-Dispatch*:

Voters in the city, not counting those in annexation area, are nearly evenly divided between blacks and whites. With the area's voters counted, whites have the margin. But be that as it may, the city needs tax money that would be collected in the area and there is the feeling that the Supreme Court has no right to tell any city it cannot grow.

The tall, thin, distinguished editor is not alone in feeling Richmond must have the annexation approved. Everywhere one goes, conversations turn to annexation.

Meanwhile, several other cities around the country await the decision, which may determine whether they proceed with annexation plans of their own. Thus, Richmond once again is cast in a historic role.

No matter which way the Court decides, Richmond is likely to take the decision in its stride.

As Mr. Dabney proudly points out, the city has shown much progress in race relations—in improving lines of communication between whites and blacks.

This city of vigorous businessmen and others can be expected to solve future problems intelligently, as it has those in the past. **END**

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BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

Congress' New Budget System Faces an Early Test

How well Congress is going to be able to operate under its new budgetary system may be evident sooner than scheduled.

Involved is a change in timing brought about by the budget reform legislation passed last year. In the next session of Congress, starting in January, 1976, the fiscal year will begin on Oct. 1, instead of on July 1 as it does this year and did in the past.

The basic thrust of the reform was to enable Congress to consider the relation of each spending item to the whole budget, so income and outgo are better understood. To help lawmakers get away from the present piecemeal approach, and allow them more time to consider the budget as an entity, Congress was given nine months instead of six months for the authorization-appropriation process.

To get on the new schedule, Congress is presently considering the 12-month fiscal 1976 budget, plus a three-month transitional budget.

While Capitol Hill isn't required to operate under the new system until next January, leaders have indicated they want to use this year to iron out any bugs.

To do so, new budget committees set up under the reform legislation will have to report a concurrent resolution by April 15 and Congress will have to pass it by May 15. This resolution would spell out fiscal policy, outline the expected outlays, receipts and deficit, and estimate the approximate amount of public debt as a result.

To carry out the new schedule completely, Congress will have to pass the needed appropriation legislation by Oct. 1.

States May Get Subsidies for Some Railroading

In anticipation that states will want to keep in operation some bankrupt rail lines' trackage in the Northeast and Midwest that has been proposed for abandonment, the Federal Railroad Administration is gearing up for requests for subsidies.

If, for example, a branch line doesn't become a part of the new nonprofit railroad system authorized by the Regional Rail Reorganization Act of 1973, the state may obtain a subsidy to continue the service at least temporarily.

To be eligible for a subsidy (70 per cent of costs), a state must develop a comprehensive state rail plan, have legislation en-

abling it to maintain efficient rail service, comply with FRA regulations and assure fiscal responsibility.

A state must make its intentions known to FRA by May 15 and present a full plan within 30 days after Congress approves a system blueprint being prepared by the quasi-governmental U.S. Railway Association for reorganizing the bankrupt lines.

FRA has \$180 million allocated for use in a two-year subsidy program. Half will be parceled out on a basis of track mileage in each eligible state. The balance will be used at the discretion of the Secretary of Transportation.

A New Crop of Facts About Farms

A new Census of Agriculture, 20th in the nation's history, is under way and results should begin flowing to the public next fall.

To conduct the survey, which is done every five years, forms have been mailed to some four million farmers and ranchers in the 50 states. Starting in mid-July, personal enumerators will gather data from farm operations in Puerto Rico, the Virgin Islands and Guam.

The Census provides the nation with comprehensive statistics on such things as size of farms, market value of products, type of farm organizations and tenure of the operators.

Preliminary county reports are expected to start emerging in late October or early November; the state and national reports by the end of 1976.

Primary emphasis, says the Census Bureau, will be on obtaining information about farms and ranches with sales in excess of \$2,500 annually—which accounted for 98 per cent of the total value of U.S. agricultural products in 1969.

To avoid burdening the one million-plus farmers whose sales and expenses were less than \$2,000 in 1973, a special short form is being used. It will also cut government paperwork processing costs.

Small Firms' Borrowing Is Growing Larger

Small businesses' financing situation, aided by a lowering of interest rates and greater availability of funds, is expected to improve in the final quarter of the current fiscal year.

The U.S. Small Business Administration, which has reduced the maximum interest rate for SBA-guaranteed loans twice in two months, reports borrowing activity of small firms through commercial banks is picking up, though it's still 40 per cent below last year's levels.

Institutions participating with SBA in loans to small businesses may now charge no more than 10½ per cent if the lender provides all the funds, and SBA guarantees the loan. The maximum had been 11.5 per cent for over a year.

On loans where the lender provides 25

per cent of the funds in a participation arrangement with SBA, the maximum interest is now 9¼ per cent, a drop of 1¼ points since early February.

SBA also makes loans itself, but practically all of its \$40 million direct loan fund for fiscal 1975 has been allocated to borrowers.

Loans the agency guaranteed last November totaled \$73 million. They jumped to \$78 million in December and to nearly \$90 million in January. Figures for more recent months aren't yet available, but it's believed they, too, will show a rising trend.

Historically, the highest lending levels occur in the fiscal year's final quarter, and officials say the upswing in lending activity is encouraging.

An Antitrust Spree Outside Washington?

Look for concerted business opposition to an antitrust bill introduced by Rep. Peter W. Rodino (D.-N.J.) that would give a special hunting license to state attorneys general.

The bill, H.R. 38, would amend the Clayton Act to allow an attorney general to sue, on behalf of his state's citizens and political subdivisions, for alleged violations.

Businessmen oppose the legislation because it would proliferate antitrust litigation, particularly consumer class-action suits, and on grounds it's not necessary because existing class-action procedures allow state

governments to sue on behalf of injured state citizens.

Also, they say the bill is conceptually defective in that it creates the possibility of duplicate recovery. And they object to a provision that would permit establishment of the amount of damages by statistical aggregate, without actual proof of individual claims.

Not voiced openly is a fear that such legislation would be a powerful weapon in the hands of politically motivated state prosecutors.

You, Too, Can Be an Adviser to the Government

For the businessman who has always wanted to serve on a federal government advisory council, but didn't know the right politician, the door to opportunity has been opened by the Consumer Product Safety Commission.

That watchdog agency is accepting nominations from the public to fill upcoming vacancies on three of its advisory councils. A businessman can nominate himself if he wishes—and in fact is encouraged to do so.

Positions are to be filled in June on the Product Safety Advisory Council, Technical

Advisory Committee on Poison Preventive Packaging and National Advisory Committee for the Flammable Fabrics Act.

The councils, which usually meet on a quarterly basis at the call of the Commission, represent broad segments of the business communities involved, consumer groups and government agencies. There is no salary, but expenses incurred are paid.

Applications for the upcoming vacancies, which must be in by April 18, should follow a letter format outlined on page 6818 in the *Federal Register* of Feb. 14, 1975.

Inland Waterways: an "in" Subject

With no easing of high energy costs in sight, more attention will be directed toward the nation's inland waterways system.

Sen. Hubert H. Humphrey (D.-Minn.), with that in mind, has introduced a bill, S. 671, that would authorize a Federal Inland Waterways Administration within the Department of Transportation.

He says the system's size and the extent of its impact on commerce aren't generally well-known.

"We are talking about a system that includes 25,543 miles of federally improved navigable inland channels, exclusive of the Great Lakes, where 38 states with 95 per cent of the population have commercial transportation services," the Senator says.

He also stresses that there is no separate DOT agency responsible for the development and regulation of inland waterways while there are for aviation, highways, railroads and urban mass transit.

A Long and Dismal View for Taxpayers

The federal budget Congress is considering for fiscal 1976 runs 1,092 king-sized pages, and hundreds of other government budgets are being weighed in cities, counties and states.

You don't have to read all those detailed documents, or even a fraction of them, to see the direction government finances are taking.

Just read a 35-page report, "Trends in Fiscal Federalism 1954-1974." It was published by the nonpartisan Advisory Commission on Intergovernmental Relations, a federal panel made up of private citizens and representatives of city, county, state and federal government.

Taking the long view of the skyrocketing rate of public spending, the report gives a good idea of what's ahead for taxpayers if the present course remains unchanged.

Among its findings:

- The cost of government at all levels has been rising at a faster rate than the general economy's growth.
- Government spending continues to take an increasing share of gross national product despite a decline in the proportion going to defense.
- Average earnings of federal employees exceed earnings in private industry by 46 per cent and have increased faster than earnings in any other major sector of the American economy.
- Annual earnings of state and local employees now exceed earnings in private industry by 6 per cent.
- The average family's tax burden increased 98.3 per cent between 1953 and 1974.

There's a lot more—in clear, concise language and informative charts and diagrams.

This is one government document you may find useful.

It's available from the U.S. Government Printing Office, Washington, D.C. 20402. The price is 85 cents.

WT Industries wanted an industry among homes. Frostline wanted a home among industries.



WT Industries, Baltimore, Maryland



Frostline, Inc., Broomfield, Colorado

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The local Armco Building Dealer, Southwestern Contractors, achieved this goal when it planned the new factory around the Armco Building System.

On the other hand, Frostline, Inc., found the ideal home for its new outdoor equipment kit manufacturing plant in an industrial park at Broomfield, Colorado.

Frostline's facility, like most of the others in Atlas Industrial Park, was planned around the Armco Building System and constructed by Architectural Building Systems Co., Inc., the Armco Building Dealer in nearby Denver.

Whatever neighborhood you've chosen for your new plant (or warehouse or sales-service facility), your local Armco Building Dealer can provide high quality, reasonable costs, and fast construction.

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